pages 1-9

PRESERVED

App. F. IX-4

1935-6
(9.7)

Previous References
9.7.32-35(1)

File No. 4 37-35

Serial Nos. 1 2-11

Letter References.
G.T. 30-40(1)
G & 123-46-1

P 100E

P

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Eleven

Part B for September 1938

SUBJECT.

Agreement with the Imperial Bank of India

WD 0418—GPB—22,500—29-8-36

M.K.Weber
20/9/38

GF 1935

C 7-437-35-1

File No 437&-35

FINANCIAL SECRETARY
3927
25 MAR 1935

U.O.No.1181/Books Dated 20th March 1936.

Re Agreement with the Imperial Bank of India, Bangalore.

FINANCIAL SECRETARY
23 MAR 1936
No.

The present agreement with the Imperial Bank of India, Bangalore expires by the 30th June 1936 and the question of its continuance on the present basis or otherwise for a further period requires to be considered and settled with the Bank's authorities. The Bank has not so far addressed me in the matter, but, Sir W.Lamond, the Managing Director of the Imperial Bank of India, had suggested to me personally, when I had been to him during April 1935, that I might call over to Bombay sometime this year for the discussion of the question again. (Vide para 3 of my Notes of discussion with him forwarded to Government with my U.O. No.1732/Books dated 4-5-35). I am not quite sure whether it is really necessary for me to go to Bombay or Calcutta to discuss the question with Sir W. Lamond, although, as mentioned by him, personal discussion would settle matters speedily and satisfactorily.

2. The following are the terms of business mutually agreed upon at present.-

(i) Interest	This is to be allowed at 1 per cent per annum on the monthly minimum balances of the current account from January to June so long as the Bank rate remains at 3½ per cent. But, should the Bank rate go up, the question will have to be reconsidered.
(ii) Re:collections, encashments and remittances made by the Bank including the movement of funds on account of (a) the purchase and sale of Govt. securities and Treasury Bills and (b) the Director, Sandal Oil Factories	No commission is to be charged.

As regards item No.(i) Viz., 'Interest on current account balances' it may be stated that the Bank may no

not be willing to agree to revise it so as to make it more favourable to us in view of the fact that the Reserve Bank of India rate is now at 3 per cent. However, it is proposed to ask the Bank to allow interest on daily balances instead of on the monthly minimum although it is doubtful whether it will agree to our request. Item No.2 is to continue as at present

3. Orders of Government are solicited as to whether

(a) I may wait till a reference comes to us from the Bank in the matter or

(b) I may write to Bank as stated in para 2 above or

(c) I may arrange for an interview with Sir W.Lamond and have the matter settled.

Comptroller.

To

The Financial Secretary
to Government
with compliments.

U.O. No. 1289 Proofs 15-4-36

Noted and returned with Compliments

Comptroller

14.4.36

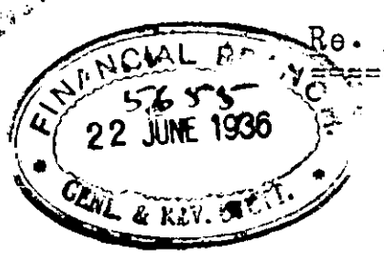
U.

IMMEDIATE

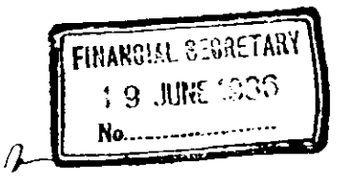
G.7 : 437-35-2

No.1571/Books dated 19th June 1936

13



Re. Agreement with the Imperial Bank of India, Bangalore



In continuation of my U.O.Note No.1289/Books dated 15th April 1936 on the above subject, I forward herewith for the information of Government, copy of letter No.F.4540-53 dated 11-6-36 from the Secretary and Treasurer, Imperial Bank of India, Madras, proposing revised terms for conducting the business of the Government of Mysore at its Bangalore Branch during the year 1936-37.

2. In regard to the terms proposed, I would state as follows:

(a) Interest on the current account balances

As at present, the Bank proposes to pay interest at one percent per annum on the monthly minimum balances from January to June. The Bank rate is now 3% and it is difficult to say whether it is likely to go up in the near future. Further, I informally understand from the Manager, Bank of Mysore, that, in view of the existing monetary conditions, certain Banks in Bombay have reduced the rate of interest allowed upon the current account balances to ½ per cent per annum. In view of the above, we cannot, it appears, ask for any increase in the rate proposed and the Bank's proposal may perhaps be accepted subject, however, to the proviso that the question might be reconsidered if, at any time, the Bank rate goes above the present

rate of 3%. The Bank may, however, be asked to allow interest on the daily balances instead of on the monthly minimum, although it is doubtful whether it will agree to our request.

(b) Levy of a charge on the transactions.

The Bank proposes to levy a charge of 1/32% on the debit summations of the account, every half year. Last year, the Bank proposed to charge 1/32% on certain transactions, both receipts and payments. (Vide copy of its letter No.r.1 dated 6-2-35 sent to Government with my U.O.Note No.1339/Books dated 28-2-35). But it was finally settled, after a personal discussion with the Managing Director of the Bank, that no such charge should be levied on any transaction. The present proposal appears to be more unfavourable than the one quoted last year in as much as it involves payment of about Rs 6,500/- roughly every half year or Rs 13,000 per annum on the basis of actuals for the past three years (Vide statement enclosed), as against a charge of Rs 6,000 per annum roughly calculated last year. (Vide para 7 of my U.O. Note dated 28-2-35 referred to above). The charge is high and I do not think we can agree to this although it is stated that they receive commission at this rate from the Government of India for doing their work. We must therefore press the Bank to continue the present arrangement unaltered.

(c) Purchases and Collections

The Bank agrees to continue the concession of

free

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free purchases and collections, etc., as at present, but states that all transactions should be passed through the current account. It is not clear what the Bank means exactly by this as all transactions automatically pass through the current account. I have addressed the Bank in the matter. Possibly, when exchange of one kind of security into another kind is effected, it might require that both the transactions, i.e., the sale as well as the purchase should pass through the account instead of only net debit or credit as at present. It is not also clear whether debits raised on account of cost of securities or Treasury Bills purchased and amounts transferred to Fixed Deposits or for credit of Dewan's Account with other Banks will also be included while arriving at the half yearly debit summations referred to under the term (b).

(d) Annual revision of the terms

These ~~sums~~ terms are stated to be subject to annual revision. It appears unnecessary to take up the question of revision every year, unless some special circumstances call for the same. We may arrange to have them run for 3 or 5 years, subject to revision when special conditions warrant a change in any particular year.

The question re. the rate of interest to be allowed on the account, may, however, be permitted to be decided every year according to the prevailing monetary conditions.

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3. As the existing agreement terminates on 30th June 1936 and as it may not be possible to arrive at any settlement by that time, I am writing to the Bank stating that the question requires close examination and that it will take some time before a definite decision could be reached by our Government especially in view of the fact that the terms proposed are unfavourable to Government and requesting in the circumstances to continue the existing terms till a definite decision is reached and agreed to by both the parties.

DEWAN'S OFFICE
24 JUNE 1936
No. 7876.

4. In this connection, I am to state that the agreement with the Imperial Bank of India Madras, for the payment of interest on Mysore Loans, also expires on 30th June 1936 and this question requires also to be settled. We are now paying Rs 1,500 per annum to the Bank on this account. I have not, however, received any communication from the Bank re. this matter, but all the same, we may settle the question with the Bank along with the other questions referred to above. If the Bank is amenable to consider the other terms favourably, we may perhaps have to continue this arrangement for a further period of 6 months or one year, from 1st July 1936.

119 Bks 8/2) 6/36

5. The several points referred to above have to be settled in as satisfactory a manner as possible and I am inclined to think that, as in last year, a personal discussion with the Managing

This may be approved whether Dewan is

(7)

Managing Director may be helpful in arriving at a satisfactory conclusion

Early orders of Government are solicited in the matter.

Comptroller

To

The Financial Secretary
to the Government of Mysore,
(with compliments)

CV

120 / Books dt 3-2-36.

IMMEDIATE.

G.2-437-35-3

FINANCIAL [illegible] 27 [illegible] 36 No.....

FINANCIAL [illegible] 5744 29 JUN 1936 GEN. & REV. SECTT.

U.O.No.1616/Books dated 26-6-1936. 5653

Re:Agreement with the Imperial Bank of India, Bangalore

Returned to Comptroller with orders on 29-6-36

In continuation of my U.O.No.1571/Books dated 19-6-36 on the above subject, I forward herewith, for the information of Government, copy of my letter No.1580/Books dated 22-6-36 addressed to the Imperial Bank of India, Madras and of its reply thereto.

DEWAN'S OFFICE [illegible] 1936 No.....4.....

2. It will be seen from the Bank's letter that it is agreeable to postpone application of the revised terms only until the 15th July 1936 and that it proposes to include the debits raised on account of purchases of Government Securities and Treasury Bills, transfer of funds to the credit of Dewan's account with other Banks and drawal of funds by the State Huzur Treasury, Bangalore for its requirements, in the half-yearly debit summations of the account on which a charge of 1/32 per cent is proposed to be made. It has, however, agreed to eliminate, as a special case, debits on account of amounts transferred to fixed deposits kept with the Bank. These terms, as already stated by me, are very unfavourable to Government and have to be resisted.

Yes

orders were communicated to the Comptroller on 29-6-36

3. I request the favour of early orders of Government in the matter. In the meantime, I have written to the Bank acknowledging its letter and pointing out that the time allowed for consideration of the question is not enough, and I enclose herein copy of my letter of date addressed to the Bank, for the information of Government.

For perusal

A. Rangachar
Comptroller.

To
The Financial Secretary
to Govt. with compliments.

No.25 / Bks. dt 3.7.36.

Noted & returned with compliments.

A. Rangachar
Comptroller

FINANCIAL SECRETARY 1 JULY No.....

To, The Financial Secretary

No.26 Bk. 3.7.36.

C.2435-354

C-74-36-1

FINANCIAL BRANCH 50 4 JULY 1936 GENL & REV. SECTT.

FINANCIAL SECRETARY 4 JULY 1936 No.

DEWAN'S OFFICE 6 JULY 1936 No. 42

Kind reference is invited to orders of Government dated 26-6-1936 sanctioning my proposal to have the question regarding (a) the revision of agreement with the Imperial Bank of India, Bangalore and (b) the payment of interest on Mysore Loans at the Imperial Bank of India, Madras, settled by a personal discussion with the Managing Director of the Bank, in order to arrive at a satisfactory conclusion

2. I have now heard from Bombay to say that Sir William Lamond, the Managing Director, is at present in England and that Mr. E. P. Stocker, Deputy Managing Director of the Bank will be glad to see me during business hours on either the 9th or 10th instant. I have also received a demi - official letter from Mr. Stocker to the same effect. I have accordingly fixed the 10th as the date for interview.

3. I intend leaving this place to Bombay on Wednesday the 8th instant by the morning train, Via. Guntakal. In view of the expensiveness of the Bombay city I request that I may kindly be permitted to draw double the ordinary rate of daily allowance which is usually allowed in such cases. I also request permission to take with me a peon who may be allowed a minimum daily allowance of Re.1/- per day as is allowed in similar other cases. (Vide also G.O.No.Fl. 8121/G.F.350-34-2 dated 24-4-35/2-5-35 sanctioning - - similar proposals during last year when I went to Bombay for a similar purpose). An advance of Rs.200/- (Rupees Two hundred only) may also be kindly sanctioned to me for - meeting the Travelling Allowance charges to and fro, subject to adjustment from my Travelling Allowance bill for the journey in due course. (Vide G.O.No.Fl.61-2/G.F. dated 1-7-35 sanctioning an advance of Rs.250/- last year while I went on deputation to Calcutta).

Comptroller.

To
The Financial Secretary
to Government with
compliments

TYPING SECTION 7 JUL. 1936 GENL. & REV. SECTT.

A draft G.O. sanctioning is put up for precedents please see flags X & W

G.7-431-31-6

FINANCIAL SECRETARY
17 JULY 1936
No.

10

U.O.No.74/Books Dated 15th July 1936.

In continuation of my U.O.No.26/Books dated 3-7-1936, I enclose herein, for the information and orders of Government, notes of my discussion with Mr.E.P.Stocker, the Deputy Managing Director of the Imperial Bank of India, at Bombay on 10th July 1936

N

I. Working terms of the Bank

It will be seen from the notes of discussion that Mr.Stocker has taken his stand for the levy of 1/32% commission half yearly on the debit summations of the current Account, on the ground that the Bank has been sustaining losses for doing Government work and has therefore raised certain new issues in order that the Bank may get some remuneration to make good the losses referred to by him. The points raised by him are as under:-

(a) That the work relating to purchase and sale of securities may be entrusted to the Bank.

(b) That the transfer of funds from here to London and vice versa may be done through the Bank.

(c) That the Sterling transactions, including payments outside London, may be entrusted to the Bank.

It may not be possible to commit ourselves definitely that all our transactions relating to purchase and sale of securities and transfer of funds from here to London and vice versa will, as a matter of course, be done through the Imperial Bank of India alone. It appears to be necessary to have some freedom of action in these matters, although, I see absolutely no objection to entrust these items of work to the Bank generally if it can do them at rates and terms obtainable elsewhere. As a matter of fact, we have been using the agency of the Imperial

Bank

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Bank, Bombay whenever we had anything to transfer from here to London. If at all it did not get the full business from us while we transferred a large amount of money during 1935-36 in connection with the discharge of our 4 per cent M.&.S.M. Railway Sterling Loan, it was because the rates quoted for such transfers were sometimes less favourable than we could obtain elsewhere. However, in order that the Bank may withdraw the levy of 1/32% now proposed and in view of the desirability of our having harmonious relationship with the Bank, we may, as an experimental measure, agree to entrust these two items of work, viz. purchase and sale of securities and transfer of funds from here to London and vice versa to the Bank as far as possible by giving limits in rates, and see how the arrangement will work. It appears to me that the Bank cannot really have any grievance in regard to purchase and sale of securities, because, although the purchases and sales are effected through brokers, the actual deliveries are effected mostly through the Imperial Bank of India, for doing which, the Imperial Bank at Bombay and Calcutta have been getting commission, if not the Imperial Bank of India at Bangalore. As regards the question of entrusting the Sterling transactions to the Bank, I am not in favour of disturbing the present arrangement with Messrs. Coutts & Co., London, for obvious reasons. Our relationship with these Bankers have all along been very cordial and their work has been throughout [illegible] satisfactory, and besides, having had a good deal of experience with the nature of work, they are eminently in a better position to satisfactorily handle our work than any other Bank. Messrs. Coutts & Co., are not charging us any separate commission for doing our

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our work, but, there is an agreement that a minimum balance of £6,000 free of interest has to be maintained with them at all times. Of course, for doing the work connected with the Berlin Bank, in view of the special nature of the account and the amount of work involved, a charge of ¼% on all credits at that Bank is levied. It is very doubtful if the Imperial Bank of India can do the work on such terms although Mr.Stocker says that it can do the work at cheaper rates than any other Bank. I therefore solicit orders of Government for writing to Mr.Stocker on the above lines and requesting him to waive the proposed charge of 1/32% referred to and to consider the possibility of allowing some interest on the balances from July to December also.

Regarding the question of peridical revision of the terms, that may be agreed upon we may it appears agree that the terms might continue till the end of June 1937 as Mr.Stocker was rather unwilling to continue them beyond one year at a time. We may, however, press our view point again next year.

II Remuneration for payment of interest on Mysore State Loans at Madras.

We may agree to the continuance of the present terms, viz. payment of Rs.1,500/- per annum to the Bank for another year i.e., till 30-6-1937.

III Recognition of Mysore Government Securities under the Schedule of the Imperial Bank of India Act.

Mr. Stocker has agreed to take necessary action and move the Government of India on receipt of a requisition from us in the matter. I therefore suggest that a reference may be made to the Managing Director

of

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of the Bank as early as possible. A draft is herewith put up for consideration. If approved it will be issued.

Early orders of Government on the points referred to are solicited as the Deputy Managing Director has agreed to permit the continuance of the present terms only till the end of September 1936.

Comptroller

To

The Financial Secretary
to Government with compliments

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General and Revenue Secretariat. | File No. of 193 . | [App. F III-2

Comptroller's unofficial note No. 74/Books dated 5th July 1936, forwarding for the information and orders of Government, notes of his discussion with the Deputy Managing Director of the Imperial Bank of India, at Bombay, on 10th July 1936.

Working terms of the Bank.

It is stated by the Comptroller that the Imperial Bank will not press for the levy of 1/32 % commission half yearly on the debit summations of the current account, if the following items of work are entrusted to them:-

(1) Work relating to purchase and sale of Securities;

(2) Transfer of funds from here to London and vice versa,

(3) Sterling transactions of the State including payments outside London.

The last item of work is now arranged for through Messrs Coutts & Co., London, and I agree with the Comptroller that it is not desirable to change the present arrangement which has been working satisfactorily all these years.

The first two items of work were not entrusted to the Bank previously, because they could not do it.

Regarding the first item of work, when the question was raised by the Bank in 1933, the Bank was asked to suggest some procedure under which we should have opportunity to accept rates before a

NOTE—Contn. Sheet.

transaction is finally put through. The Bank replied that we should be prepared to leave our sales and purchases of securities in the Bank's hands, and that transactions would be carried out to the best advantage. We could not agree to such an arrangement. Even if the work is entrusted to the Bank, the Bank has to arrange for it only through local Brokers, and the work cannot ordinarily be expected to be done at favourable rates.

The Imperial Bank who was previously asked to state whether they could undertake the second item of work, replied that they could not under-take it. From the Comptroller's note, it will be seen that this work was attended to through the Bank in some cases last year and the work had to be entrusted to others in other cases, only on the ground that the rates quoted by the Bank were less favourable. The Imperial Bank may, I think, be informed that there is no reason why transactions under the first two items might not be done through them, provided that a convenient arrangement could be adopted and the Government would not have to pay more than if the work was done through some other agency, and that it may not be possible to disturb the present arrangement regarding the third item of work.

Regarding the revision of the terms every year, it is to be stated that it is not desirable to subject the arrangements to revision every year. The main terms should be settled once for all, with provision

3927 5655

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General and Revenue Secretariat. | File No. of 193 . | App. F. III-2

for alteration in the rate of interest, if necessary based on the money conditions in the market. This may be arranged for by fixing the rate of interest with reference to the Bank rate.

Remuneration for payment of interest on Mysore State Loans at Madras.

The continuance of the present terms may be approved.

Recognition of our Securities under the Imperial Bank of India Act.

The Comptroller's draft may be approved.

(Note approved by Fi. Secretary.)

DEWAN.) W 24/7

DEWAN'S OFFICE 25 JULY 1936 No. 209

I agree

Sd/- 26/7

COMPTROLLER'S OFFICE 27 JUL 1936 BANGALORE.

Comptroller with compliments for further action & return of the file.

27.7.36 Sd/- K.Venkata Rao For Fe. Secy to Govt

U.O.No.193/Books dated 7-8-1936

The draft letter to the Managing Director, Imperial Bank of India, Bombay, re. recognisation of Mysore Government Securities under the Imperial Bank of India Act, approved by Government, is taken and the file is herewith returned with compliments.

NOTE—Contn. Sheet.

2.

193/Books

Sub

File No. of 193

General and Revenue Secretariat

2. I enclose herewith, for the information of Government, copy of my D.O.letter No.185/Books dated 5-8-36 addressed to Mr. E.P.Stocker, Deputy Managing Director of the Imperial Bank of India. I shall address Government again in the matter on receipt of a reply from him.

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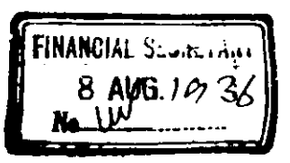

Comptroller

CV

The Financial Secretary to Govt.

A. For perusal.

W 148

12-8-36 M/17/6

H Secy

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P.7.437-35-7

DEWAN'S OFFICE 27 JULY 1936

FINANCE .ILC. 23 JUL No.

U.O.No.128/Books. Dated, 23-7-1936.

For perusal

FINANCIAL BRANCH 323 23 JULY 1936 GENL. & REV. SECTT.

In continuation of my U.O.No.74/Books dated 15-7-1936 I forward herewith, for the information of Government, copy of my D.O. letter No.73/Books dated 15-7-1936 addressed to Mr. E.P.Stocker, the Deputy Managing Director of the Imperial Bank of India, Bombay and of his D.O.reply No.P. 02402 dated 20-7-1936 thereto.

2. It will be seen from para 2 of Mr. Stocker's letter that he can hold out no hope of the Bank allowing interest from July to December at present, but that they would consider the matter as soon as money becomes more usable in the event of the other questions referred to being satisfactorily settled. All things considered, it seems to me that the chances of our getting interest from July to December are not sanguine.

Comptroller.

To

The Financial Secretary
to Government with compliments

CONFIDENTIAL.

G.7437-35-8

FINANCE
14 AUG.
No.

GENL & REV. DEPT.

U.O.No.225/Books dated, 13-8-1936.
Enc.1

Agreement with the Imperial Bank of India, Bangalore, Re. the Dewan's deposit account.

In continuation of my U.O.note No.193/Books dated 7-8-1936, I forward herewith, for the information of Government, copy of letter No.P.02654 dated 10-8-1936, received from Mr. E.P.Stocker, Deputy Managing Director of the Imperial Bank of India.

His further communication in the matter is awaited.

Comptroller.

To

The Financial Secretary
to Government with compliments

G.2-437-35-9

20

FINANCIAL BRANCH 979 11 SEP. 1936

DEWAN'S OFFICE 1936 No. 562

U.O.No.324/Books.Exc-/ane. dated, 10-9-1936.

Agreement with the Imperial Bank of India, Bangalore regarding the Dewan's Deposit Account.

In continuation of my U.O.note No.225/Bks dated 13-8-1936, I forward herewith, for the information of Government, copy of letter No.02971 dated 2-9-1936 on the above subject received from Mr. E.P.Stocker, Deputy - Managing Director of the Imperial Bank of India.

A further note dealing with the several points raised by Mr. Stocker will be submitted on return of the Comptroller form leave.

Ernakulam 10/9

Comptroller
(in charge).

To

The Financial Secretary
to Government with compliments.

This is not a very Satisfactory letter

This will be awaited.

For perusal-

Dewan 11/9.

12/9

G.2437-35-19

FINANCE 13326 13 OCT 1936 I GENL & REV.

U.O.No.445/Books. Dated: 10th October 1936

FINANCE 10 OCT. No.

Further to my U.O.No.324/Books dated 9-9-1936 I beg to state that the working terms proposed by Mr. E.P. Stocker, Deputy Managing Director of the Imperial Bank of India, have been duly considered by me, and I note below my views thereon:-

(a) Purchase and sale of securities and

(b) Transfer of Funds from India to London & Vice versa.

In my opinion the charge of 1/8 per cent for purchases and sales of securities is high. 1/16 per cent appears to me to be reasonable. We are now paying only 1/16 per cent to the Imperial Bank of India, Bombay, in connection with the sales and purchases effected through the Brokers, for the Bank's Services in giving and taking delivery of Bonds. We may, it seems, point this out to Mr. Stocker and request him to agree to 1/16 per cent. Secondly, under the arrangement proposed, we shall be bound to give all our business to the Bank and merely accept the rates at which the transactions are put through. It is obvious that it is neither desirable nor is it to our advantage to give such a free hand to the Bank in such matters. In my letter dated 5-8-1936 to Mr.Stocker, I had made it clear that Government had no objection to entrust to the Bank all their work relating to purchase and sale of securities and also transfer of funds from here to London and vice versa, provided that a convenient arrangement could be adopted and Government would not have to pay more than if the work was done through some other Agency. Instead of proposing any such arrangement, Mr. Stocker simply mentions that they are in a particularly favourable position to secure the best market rates when buying and selling securitie

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securities and to quote the finest rates for transfer transactions. Evidently, he wants quite a free hand in these matters. Possibly, he may feel some practical difficulty also. Of course, as far as we are concerned, instead of entirely being at the mercy of the Bank, it would be better to always reserve to us the freedom to fix the rates, and, with this end in view, we may, if Government see no objection, ask Mr. Stocker again to suggest some procedure under which we may have an opportunity to accept rates before a transaction is finally put through. I am not, however, sure whether he will agree to such an arrangement, however desirable and necessary from our point of view.

3 In 1933, when a similar issue was raised in connection with the sale and purchase of securities, the Bank did not agree to an arrangement of this nature, but, all that it said was that, if our orders for the purchase and sale of Government securities were left in its hands, it would carry them out to the best advantage and that it was very probable that the Managing Governors of the Bank would be able to carry through the transactions at more favourable rates than could be obtained in the open market.

4 If the Managing Director does not agree to an arrangement of the kind proposed above, the next best course for us to adopt is to fix maximum rates at the time of placing the orders and watch how best the Bank carries through our orders. The arrangement should, I think, be made applicable only to Government investments and not to Trust, Palace and other transactions. If Government agree, this position will be made clear to Mr. Stocker to

without mentioning this now, when we place orders we shd fix the rate and see whether the Bank can do the work for us

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to obviate future trouble and misunderstanding.

Collection of interest:-

5 A charge of 1/8 per cent is proposed by Mr.Stocker. We are not at present collecting any interest through the Imperial Bank of India excepting on the securities of the nominal value of Rs.10,71,400/- relating to Trust, lodged with the Imperial Bank of India, Madras, and we need not also collect any interest in future on any of our other securities. The rate quoted is only for our information and it is open to us to avail of the offer or to keep silent. The charge made by the Bank at present for the collection of interest on the securities referred to is 1/4 per cent.

This will be practically inoperative as interest is drawn by Draft or The Bank of Mysore 26/11

Withdrawal fees. -

6 It is stated that no fee is charged on deposit of securities and that a charge of 1/16 per cent on face value will be made when the securities lodged are withdrawn and that special terms will be quoted for stock certificates. As stated above, we have only securities of the nominal value of Rs.10,71,400/- with the Bank against which a standing overdraft arrangement has been made. The possibility of withdrawal of these securities is remote and the question of charge arises only when an actual withdrawal takes place. Further, it is not binding on us to deposit all or any of our securities with the Bank, and the rate of withdrawal fee quoted by Mr.Stocker is only by way of information to us which may be simply noted.

(c) Account in London.

7 We may adhere to our previous position and simply note the remarks made by Mr.Stocker.

(d) Existing Arrangements. - No remarks.

(e) Allowance of interest on balances between July and December. -

8 It is mentioned that this will be considered when money markets improve in the light of the value to the Bank of the Government of Mysore connection as a whole at that time. We may simply note the remarks and press the question again next time.

(f) Annual revision of terms

9 Mr. Stocker has clearly explained the Bank's point of view and, in the face of the considerations put forward, it does not appear to me that much useful purpose will be served now by our repeating our request once again for making the agreement now about to be entered into, current for a longer period than one year. We may renew the question again next year. As already stated by me and communicated to Mr. Stocker, excepting the question of revision of rate of interest to be allowed on Government Account balances, the rest of the arrangement might be tried at least for a definite term, say 3 or 5 years. It is possible that our letter to Mr. Stocker might have given an impression that it was our idea that the main terms to be settled should be for all time to come, but, in view of the fact that we are not now in a position to judge as to where we will stand by giving all our purchases and sales of securities and remittance transactions to the Bank, we may, for the present, agree to the arrangement being in force for one year.

10 (g) Recognition of Mysore Government securities under the Imperial Bank of India Act. -

This matter is stated to be in hand and

1332/36

25

NO.27/Bks 8/2711/36. and his further reply may be awaited.

Comptroller.

DEWAN'S OFFICE
26 NOV. 1936
No. (ADS)

To

The Financial Secretary

to Government,

with Compliments

S.S.

Subd to the Dewan. ~~The Comptr may~~
with marginal remarks - Comptr may
take action accordingly

Dewan)

26/11

26-11-36

Comptr)

27/11

ASD
27.11.36

G.2-437-35-11.

FINANCIAL BR. 1332 5 DEC. 1936 G.L.W.S.

FINANCIAL SECRETARY 4 DEC. 1936 No.

26

U.O.655/Books. Dated, 4-12-1936.

Noted and returned with compliments.

2. I put up herewith a draft letter to Mr. Stocker, the deputy Managing Director of the Imperial Bank of India, in accordance wit the orders of Government. If approved it wil be issued.

Comptroller.

To,

The Financial Secretary

to the Government of Mysore, Bangalore.

For approval

Fin. Secy) 7/12

7-12-36

31 Books 10/12

COMPTROLLER'S OFFICE 10 DEC. 1936

FINANCIAL SECRETARY 1 JAN. No.

U. O. No.871/Books dated 29-1-37

Enc/5

Returned with compliments.

2. I enclose herewith, for the information of Government, copies of further correspondence between myself and Sir William Lamond in the matter.

3. Government Securities transactions

In reply to our request to the Managing

1. Copy of D.O.letter No.04060 dated 17-12-36 from Sir William Lamond.

2. Copy of my D.O.letter No. 774/Books dated 5-1-37 to Sir William Lamond.

3. Copy of his D.O. reply No. P00068 dated 8-1-37.

4. Copy of my D.O.letter No. 839/Books dated 18-1-37

5. Copy of his D.O. reply No. P.00270 dated 21-1-37.

Managing Director to agree to an inclusive charge of 1/16 per cent (as against 1/8% quoted by him) on all transactions relating to the sale and purchase of securities, Sir Lamond said that he was prepared, as a very special concession, to levy this rate, on individual transactions of Rs 20 lakhs and over and 1/8 per cent on transactions below that amount. Sir Lamond was thereupon informed, in consultation with the Financial Secretary, that, as Government had at no time in the past, either bought or sold Government securities in such large quantities at a single time, the rate of 1/16 per cent would practically remain inoperative, and he was also requested to reconsider the position and intimate whether he could not agree to the rate of 1/16 per cent without any restrictions and if that were not possible, to agree to that rate being made applicable to transactions of Rs 2 or Rs 3 lakhs at a time. Sir Lamond has replied to say that he is unable to reduce his terms further as he is of opinion that they are already cut as fine as possible.

4. Remittances to and from London

Sir Lamond again raises the question of entrusting to the Bank all our remittance work and makes this as a condition to agree to the revision of the main terms of the arrangement once in three years. It is for orders whether, in view of the assurances

given

given by Sir Lamond in para 2 of his letter dated 17th December 1936, we may not agree to this.

5. Annual revision of terms

Sir Lamond has agreed to enter into an arrangement in regard to the main terms on the lines indicated, for a period of 3 years, subject to alteration in the rate of interest in the meantime if circumstances demand it.

6. Recognition of Mysore Government Securities under the Schedule of the Imperial Bank of India Act.

It is stated by Sir Lamond that he would be in a position shortly to advise me in the matter.

7. I solicit orders of Government as to whether I may inform Sir Lamond that Government agree to the terms proposed and request him to send me a draft copy of the Memorandum embodying the terms, for confirmation.

Comptroller

CV

To

The Financial Secretary to the Government of His Highness the Maharaja of Mysore,
Bangalore.

A. For orders.

COMPTROLLER'S OFFICE
Books
13 JUL 1937
BANGALORE

3927/28

(29

General and Revenue Secretariat.

File No. of 193

[App. F III-2

U.O.No.57/Books. Etc./. Dated the 16th July 1937.

Returned with compliments.

2. I put up herewith a draft letter to Sir W.Lamond the Managing Director of the Imperial Bank of India in accordance with the orders of Government. If approved, it will be issued.

Comptroller.

To

The Financial Secretary to Government.

Rs 800. For approval.

19-7-37 (Fe: Secy)

IW 19/7

AC 19/7. IW

Comptroller with compliments)

Books.

COMPTROLLER'S OFFICE 19 JUL 1937 BANGALORE.

AGL 20-7-37 No 68/Spl dated 23-7-37

U.O.No.87/Books. Dated 22nd July 1937.

Draft letter to Sir William Lamond is taken and the file is herewith returned, with compliments, together with a spare copy of the letter for reference in the Secretariat.

Comptroller.

23-7-37

SNS) To the Financial Secretary to Govt.

NOTE—Contn. Sheet.

A.N.Raghavachar, Esq., M.A

76/Books.

20th July 37

Dear Sir Lamond,

I write to invite kind reference to correspondence ending with your D.O.letter No.P00270 dated the 21st January 1937, regarding the terms for conducting the business of the Government of Mysore at the Imperial Bank of India, Bangalore and to state that I have now received orders of Government in the matter.

Government Securities transactions and remittances to and from London.

In view of your assurance that you would always quote the best rates possible, Government have agreed to entrust to the Bank the work relating to securities and foreign remittances, as far as possible, and to allow an inclusive commission of 1/16 percent on all transactions of purchases and sales of securities of Rs.20 lakhs and over and of 1/8 percent on transactions below that amount. But, in cases where only delivery of securities is arranged for through the Bank, Government are agreeable to al? an inclusive commission of 1/16 percent, as at present.

Annual revision of terms.

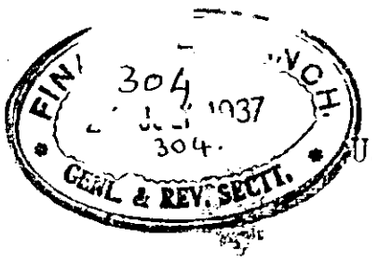
Government agree to the present arrangement, as agreed running for a period of 3 years with effect from the 1st July subject to alteration in the rate of interest in the meantime circumstances demand it.

I shall be obliged if you will kindly communicate your approval to the above at your convenience.

Yours Sincerely,

20.7.37

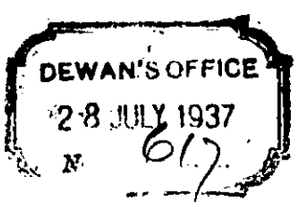
Sir William Lamond, Esq., Kt.,
Managing Director
of the Imperial Bank of India,
Central Office,
Post Box No.12,
B O M B A Y.



U.O.No.111/Books. Dated, 26th July 1937.

Agreement with the Imperial Bank of India, Bangalore, re the Dewan's Deposit Account.

In continuation of my U.O.No.87/Books dated 22-7-1937, I append at foot, for the information of Government, copy of D.O.letter No. P 2698 dated the 23rd July 1937,* received from Sir William Lamond in reply to my D.O.letter No.76/Books dated 20-7-37.



* " I have to acknowledge receipt of your letter D.O.No.76/Books of the 20th instant for which I thank you.

I am arranging for the drawing up of a Memorandum, embodying the terms of the arrangements agreed to between the Government of Mysore and the Bank and a copy thereof will be forwarded to you for approval in due course."

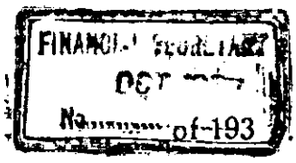
I am awaiting the copy of the Memorandum referred to by him in para 2 of his letter and shall submit the same to Government on receipt.

Comptroller.

To

The Financial Secretary
to Government, with compliments.

Comptroller's Office | File No.



Serial No.

U.O .No.378/Books. Encl 2. Dated 7th October 1937

AGREEMENT WITH THE IMPERIAL BANK OF INDIA.

In continuation of my U.O.No.111/Books dated 26th July 1937, I enclose herewith copy of letter No.P.2852 dated 9th August 1937 received from Sir William Lamond, Managing Director of the Imperial Bank of India, together with a copy of the memorandum referred to therein.

Flag C.

2. I have gone through the memorandum and find it in order. Paragraphs 14 and 16 deal with the purchase and sale of securities and transfer of money between India and London. What we agreed to was to entrust to the Bank these items of work as far as possible and this was made clear in my D.O. letter No.76/Books dated 20th July 1937 to Sir Lamond. The phrase "as far as possible" has, however, been omitted in the memorandum and will be inserted while returning the same.

This is necessary

2

3. Portions relating to the Sandal Oil Factory (paras 6 to 10) were extracted and forwarded to the Director of the Factory for his remarks. He has approved them and stated that the Bank has also to be requested to continue receiving from the Factory cheques on Cawnpore Banks for realisation and for transfer of proceeds to Bombay Office at par. As this is covered by item No.2 in the Memorandum, no addition is made.

2

This may perhaps be made clear

2

4. There are also some other items of work which the Bank has been doing and which have not been included

Note—Contn. Sheet.

included in the memorandum. The marginally noted are examples. They are mostly of a routine type and their inclusion in any detail does not appear to be necessary. A general paragraph, as noted below, will be inserted at the end so as to cover all such items.

(1) Cheques drawn on the Imperial Bank of India, Bangalore and payable at Madras are at present cashed at par by the Madras Office.

(2) Clearing Bills of Messrs. Best & Co., are being cashed by the Imperial Bank of India, Madras and the debits transferred to our account at Bangalore free of charge.

(3) Drafts drawn by Soap Factory, Porcelain Factory, and Electric Factory are also being collected by the Bank free of charge.

Serial No.

3 / May perhaps be included

"In regard to all other items of work that are not referred to in this memorandum, the existing practice will continue to be followed."

4 This may also be inserted if

5. If approved, one copy of the memorandum will be returned to Sir William Lamond, modified as noted above, and signed.

A

Comptroller.

To
The Financial Secretary
to Government, with compliments.

SNS)

A. For approval

9-10-37

10-10-37

In addition to the alterations suggested above, the following alterations are also necessary:--

Para 10 - The following may be substituted for line 3:-- 5
"of the Agents(who are Messrs Asgharali Mohomed Ali at present)"

Para 14-The words "in consideration thereof" in line 3 may be omitted. 6

Agreement with the Imperial Bank of India 34

General and Revenue Secretariat G.7 File No. 2434 of 1935 [App. F. III—2

Serial No.	
7	Para 16-The words "in consideration thereof" may be omitted (lines)
8 1.	Para 17-The words "at the discretion of the Bank" may be omitted. It should be open to Government also to raise the question of the alteration of the rate of interest.

Dewan

1/11 8M 3.11.37.

JPR 5/11/37

RW 10/11/37

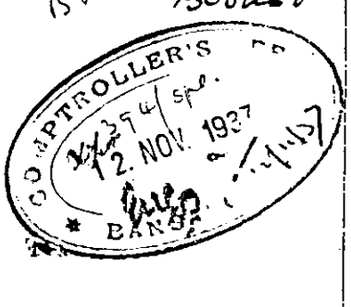
The General Secretary was pleased to say that the agreement, after incorporating the alterations suggested above, might be sent to the Law department also, for favour of scrutiny.

To Comptroller, with compliments, for favour of incorporating the alterations suggested above, and submission of a Revised agreement to Government.

B O

For Financial Secretary

11-11-37.



U.O.No.590/Books. Dated 25th November 1937.

Returned with compliments.

2. A copy of the agreement after incorporating the alterations suggested, is submitted herewith, as desired

NOTE—Contn. Sheet.

WD.0281—GPB—30,000—13-8-37

1130 3350/37

File No. of 193 . General and Revenue Secretariat

desired. I request that it may be kindly returned early as I have already received two reminders from Sir W. Lamond, the Managing Director of the Imperial Bank of India, in this connection. (*)

4. Para 14:- Under this clause, we will always have to pay a minimum rate of 3 per cent interest on all overdrafts and loans. I, at first, thought that the minimum rate of 3 per cent put in by the Bank, which is also the rate at present, of the Imperial Bank of India for granting advances, might stand, presuming that this rate, which has been the lowest for several years past, may not further go down. But, on second thoughts, I came to the conclusion that we should not be bound down by any such minimum rate. It is only fair that we should also have the benefit of any reduction in the Bank rate, should it take place at any future date. I consider this all the more necessary because, the agreement will remain in force for a period of 3 years from 1st July 1937. I would therefore suggest that the words "minimum 3% per annum and Imperial Bank of India advance rate" occurring in lines 5 and 6 and the word "respectively" occurring in line 7 of this clause may be omitted and the position explained to Sir W. Lamond.

Comptroller.

(*) 3. Para 10:-

Messrs. Asgharali Mohamed Ali are not the Agents of the Sandalwood Oil Factory, but they are regular customers purchasing large quantities of oil. Suitable alterations have therefore been made in this para.

FINANCIAL SECRETARY ... DEC ... No.

To Law Secy 8/12/37.

May be approved.

2

17/12

Law

3.12

126

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

Serial No.

U.O.No.P.b/37
dt. 15/12/37.

Fwd No. 420/37-38
dt. 16.12.37

Forwarded, with Compliments, to the Government Advocate for favour of Scrutiny and advice. The matter may kindly be treated as urgent.

B.K. Ramakrishnaiya
for Gen. Secy

5.12.37

No. Fin. 83/37-38
dt. 21.12.37

Returned with compliments.

I have no suggestions to make.

Government Advocate.

H/20.12.37.

GENERAL SECRETARY
21 DEC. 1937

BKR
21.12.37

Asst. Secy
Fin Br
WC

May be passed on to the Comptroller for further action.

H. Secy.

BKR
29.12.37

27-12-37

3.1.38.

COMPTROLLER'S OFFICE
5 JAN. 1938
521/spl
BANGALORE.

U.O.No.809/Books. 17-1-38

No. 5587/spl W 18-1-38

Returned with compliments.

I have sent a revised copy of the agreement to Sir Lamond and requested him to communicate his approval thereto.

Comptroller

55/3 4764/38

GENERAL SECRETARY
18 JAN. 1938

To
The Financial Secretary
to Government.

NOTE—Contn. Sheet

BKR
19.1.38

WD 6281—GPB—30,000—13-8-37

5338-37

3 Agreement with the Imperial Bank of India

File No.	of 193	General and Revenue Secretariat

The Compln: has requested views in certain points raised by Sir W. Lamond in connection with the revised agreement with the Imperial Bank. As suggested by him in the penultimate para of his note flagged I, the file may be referred to Law Deptt for opinion ~~on the points~~ re: amendment of Cl. 21, in case Govt. are inclined to consider the Agent's suggestion. (The words "at the discretion of the Bank" are best omitted) ~~and~~: If we have no alternative but to accept the Agent's view, the full implications may be got examined

H.I.

13/3/38

7/3

For Secy)

Law may be consulted - Papers with the Compln's note. Sir

11/3.

Asst Secy. Law Deptt) 12/3

112 Law.

Forwarded with compliments to the Govt. Advocate for favour of advice on the points raised by the Comptroller in his note flagged 'I'.

Law BNR 14.3

B.N. Ramakrishna Aiya
for Gen. Secy

14.3.38

W.O. 110/37-38 dt 14/3.

From 14/37-38 dt 14.3.38

Serial No.

U.O. No. 1201/37-38
Dy 21.3.38

Returned with compliments.

The full implication of the retention of the words "At the discretion of the Bank" in Clause 21 of the draft memorandum of agreement has been noticed by the Comptroller in his note to the Govt. dated 26-2-1938 and bearing No. U.O.1001/Books. That is also made clear by the letter from the Managing Director of the Imperial Bank, Calcutta as could be seen from the copy of his letter dated 15-2-1938 and bearing No.P.545. That is to say the decision regarding the rate of interest must ultimately rest with the Bank involving of course the possibility of the Government's proposals being rejected in the event of the matter not being settled by negotiations with them.

But the Comptroller in his letter referred to above suggests that the Government are free from the obligation to keep a minimum balance or any balance at all with the Imperial Bank if in their opinion the rate of interest allowed should be considered low. According to him, the Government may withdraw "surplus balances from the Bank" and that therefore there is no need "To keep necessarily all our surplus money with the Bank nor is there any obligation to keep an irreducible minimum balance with the Bank." He therefore thinks "That agreement to the retention will have no disadvantageous result on the Government balances'

I have some doubt whether this view is correct.

Clause 20

WD.0281—GPB—30,000—13-8-37

Clause 20 of the memorandum runs as follows:-,

"In regard to all other items of work that are not referred to in this memorandum the existing practice will continue to be followed".

I think the existing practice is to keep the balance with the Imperial Bank. If I am right there, it means then that the existing practice must be continued and therefore there is no freedom left for the Government in the matter as is supposed by the Comptroller. The Bank to keep in their - custody the Government balance can be interpreted to mean an "item of work" within the meaning of that Clause 20. If I am right so far it means that there is an obligation to continue to keep such a balance with them. Besides, the earlier correspondence between the Bank and the Comptroller shows that it was expressly or at least impliedly understood that the balance would be kept with them. Otherwise there was no point in having asked the Bank at one stage of the negotiations to pay interest for the second half of the year also. There is also another reason why the balance will have to be kept with the Bank. Importance has been attached by the Bank in the course of negotiations to the point that the discretion to alter the rate of - interest must rest ultimately with them. The Government on their part are equally keen that the rate should be settled by bilateral agreement and that

Serial No.

that the Bank alone should not have the power to alter it. If the point mentioned in the Comptroller's letter is correct viz., that the Government are not bound to keep the balance with the Bank, what then will be the seriousness for the insistence by the Bank for the retention of these words and the insistence by the Government for their deletion if the whole thing can be short-circuited by the Government being left free from any obligation to keep the balance with the Bank. It will be difficult to resist an argument from the Bank in the event of the Government trying to withdraw the balance from them when they should deem it expedient to do so on the ground that the interest allowed is low and when for the very same reason the Bank would be keen upon retaining the balance with them that the basis of the contract was the continuation of the practice in all other items of work one of them being to keep the balance with them.

In my opinion the retention of the words "at the discretion of the Bank" will make them the sole and the final authority in the matter of fixing the rate of interest on the balance of money of the Government in their custody which the Government may be held disabled from withdrawing just to earn higher interest elsewhere.

Government Advocate.

CSN/18.3.38

22.3

GENL 22 MAR 1938 P20

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—18-9-37

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Comptroller's Office

File No. of 193

Serial No. 1

U.O.No.1247/Books. Dated: 16th April 1938.

Returned with compliments.

2. As desired by the Financial Secretary the position was personally discussed by me and explained clearly to the Government Advocate. The following points were made clear to him:-

(1) There is at present no obligation whatever for Government to maintain any irreducible minimum balance with the Bank, and if there had been any such obligation, it should have certainly found a place in the agreement. I told him that this question had at no time come under the purview of our present discussions with the Bank and that, therefore, the Government have the fullest freedom regarding the operations of the balances with the Bank

(2) Clause 20 of the Memorandum is intended only to cover all small and sundry items of work which the Bank may be doing at present and which may not have been detailed in the present Memorandum. The question of the Bank taking shelter under this clause and insisting on Government to keep any minimum balance - small or big - does not and cannot therefore arise. Of course, we must always have some working balance with the Bank for our transactions.

(3) Our request to the Bank to allow us some interest on the balances in the 2nd half of the year - from July to December - was only to get some benefit on the balances that may remain during the period with the Bank and it has no connection whatever with the question of maintaining any minimum balance with the Bank.

Note—Contn. Sheet.

Agreement with the Imperial Bank of India

E2

2675/38

File No. | of 193 | Comptroller's Office

Serial No.

(4) As I made it clear in my U.O.Note.No. 1001/Books dated 26-2-1938 there appears to be really no point in the Bank insisting on the retention of the words "at the discretion of the Bank" in clause 21 of the draft memorandum as we can conveniently withdraw our surplus balances and employ them elsewhere if such a course is to our advantage. The reason why we wanted the deletion of these words was, as I explained in my D.O. letter No.903/Books dated 7-2-1938 to Sir Lamond, only to reserve to us the liberty to take up the question when need arises for an alteration in the rate of interest provided for in Arrangement No.1 and this has been agreed to by him.

3. The Government Advocate said that, in case the position is as stated by me above, the points urged in his note dated 21-3-1938 may not have any force in them. If Government approve, I shall agree to the revision of the Clause as suggested by Sir Lamond.

A. D. Lawrence

Comptroller.

To

The Financial Secretary

to Government

S.S.

No words "at the discretion of the Bank" in clause 21 of the Agreement proposed by the Imperial Bank may be permitted to be retained under the circumstances explained above.

7/5/38 H. Secy.

8/5

6-5-38.

COM-71-O-250-26-4-37

2675/32

43

Agreement with the Imperial Bank.

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

Serial No.

I

No. 7986

This file relates to the agreement with the Imperial Bank. The only point of difference is about the insertion of the words "at the discretion of the Bank" in clause 21 relating to the rate of interest on the balances of the Mysore Government held in the Bank. The Bank wants power to alter the rate at the discretion of the Bank, and is very firm in this view. It however has no objection to the question of a change in the rate of interest being brought up by the Mysore Government at any time. From the Comptroller's note, it will be seen that there is no harm in agreeing to the retention of the words"at the discretion of the Bank" in clause 21, as it is not obligatory on the part of the Mysore Government to keep any specified minimum amount in the Bank , and it is open to the Mysore Govt to keep money elsewhere(by reducing the balance in the Imperial Bank) if it is found to be more advantageous All the other points have been settled.

If approved, the agreement as now drawn up may will be accepted and returned , with the following (at the end).
addition in clause 21:--

"It is however open to the Mysore Government to raise the question of a change in the rate of interest at any time"

1st 14/5 and 16/5

Dewan
through
General Secretary

3872

COMPTROLLER'S OFFICE 927/SPC 24 MAY 1938 BANGALORE.

19/5
18-5-38

To Comptroller)

NOTE.—Contn. Sheet.

WD 03594—GPB—30,000—18-7-35

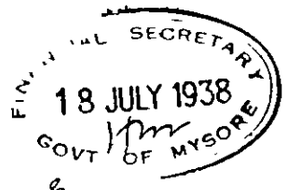
115
Books
25-5-38.

Agreement with the Imperial Bank of India.

Comptroller's Office,

U.O. File No. 84/Books dated ~~of 193x~~ 15th July 1938.

Serial No.



Returned with compliments.

2. I enclose herewith, for the information of Government, a certified copy of the Memorandum embodying the standing arrangements with the Imperial Bank of India, received from Sir W. Lamond with his letter No.2357 dated 12th July '38.

3. It will be seen that clause 21 of the Memorandum has been modified so as to include the following addition, as directed by government.

> "It is however open to the Mysore Government to raise the question of a change in the rate of interest at any time".

4. It may be stated, in this connection, that clause 13 has been ~~made~~ amended to cover the drafts of the Iron & Steel works also, to which the arrangement referred to is applicable. The clause that originally stood, as well as the clause which now stands after amendment, are given below for ready reference.

Clause that originally stood.	Clause as it now stands after amendment.
Drafts drawn by Soap Factory, Porcelain factory and Electric factory will be collected by the Bank free of charge to Government, the Bank's commission at usual rates, being recovered from the drawees as hitherto.	Drafts drawn by the Soap Factory, Porcelain Factory, Electric factory, and Iron and Steel Works will be collected by the Bangalore branch of the Bank free of charge to Government, the Bank's commission, at usual rates. being recovered from the drawees as hitherto.

5. I am arranging to get the Memorandum printed and shall send copies thereof as soon as they are received from the Press.

Comptroller.

To

The Financial Secretary to Government.

Note—Contn. Sheet

.COM148R-500-17.6.38

STANDING ARRANGEMENTS

WITH THE GOVERNMENT OF MYSORE

(45

1. The Bank will allow interest on the minimum monthly balances of the Durbar accounts at Bangalore Branch at 1% per annum for the period January to June.

2. The Bank will negotiate all local cheques and all outstation cheques drawn on places where the Bank is established for credit of the Government's Accounts free of charge except for out of pocket expenses, if any.

3. The Bank will effect all remittances, i.e., Drafts, Mail Transfers and Telegraphic Transfers free of charge. This applies to remittances from Bangalore Branch and Bombay Local Head Office to other offices of the Bank and not between offices generally. Where, however, the Government of Mysore authorities instruct the Bank to forward the drafts direct to payees, postages and registration charges will be debited to the Durbar accounts.

4. The Bank will effect the movement of funds in connection with purchases and redemption of Treasury Bills free of charge.

5. The Bank will arrange, when necessary, for the encashment at par by its Branches, of cheques drawn for reasonable amounts on the Government of Mysore's account at Bombay Local Head Office. This arrangement is subject to special arrangement, in each instance, with Bombay Local Head Office who will issue the necessary instructions to the Branches concerned.

6. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Cawnpore and Lucknow, free of charge except for out of pocket expenses, and transfer the proceeds to Bombay Local Head Office at par.

7. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Calcutta, free of charge except for out of pocket expenses, and transfer the proceeds to Bangalore Branch at par. Outstation cheques and drafts drawn on places where the Bank is established and tendered at Calcutta on this account will

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be accepted by Calcutta Local Head Office at par and the proceeds thereof remitted free of charge to Bangalore Branch. The Bombay office of the Bank will receive from the Sandalwood Oil Factory cheques on Cawnpore Banks for realisation and credit to the Dewan's Deposit Account with it at par.

8. The Bank will receive at Calcutta Local Head Office the proceeds of Sandalwood Oil sales in China and Japan which will be remitted to the Bank's Bangalore Office at par.

9. The Bank will receive at Colombo Branch proceeds of Sandalwood Oil sales in Ceylon which will be remitted monthly to the Bank's Bangalore Office at par.

10. The Bank will receive at Lucknow Branch sums tendered by the Allahabad Bank, Ltd., Lucknow, on behalf of the customers of the Sandalwood Oil Factory, (Messrs. Asgharali Mohamed Ali at present) for transfer to Bombay Local Head Office for credit of the Mysore Government's account at par.

11. Cheques drawn on the Imperial Bank of India, Bangalore and payable at Madras will be cashed at par by the Madras Office of the Bank.

12. Clearing Bills of Messrs. Best & Co., Ltd., Madras, will be cashed by the Imperial Bank of India, Madras and the debits transferred to the Dewan's Deposit account with the Bangalore Branch free of charge.

13. Drafts drawn by the Soap Factory, Porcelain Factory, Electri Factory, and Iron & Steel Works will be collected by the Bangalore Branch of the Bank free of charge to Government, the Bank's commission, at usual rates, being recovered from the drawees as hitherto.

14. Subject to the Bank's convenience at all times overdrafts a loans will be granted to the Government of Mysore at the Bangalore Branch of the Bank against Government of India Securities at Imperial Bank of India Advance Rate rising and falling therewith.

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15. Any other services, such as granting Banker's guarantees on account of the Government of Mysore, etc., not referred to herein, will be subject to special terms which will be quoted by the Bank to suit the circumstances of each case.

16. The Government of Mysore will entrust the Bank with the payment of interest only on Mysore Government Securities enfaced to Madras and Rangoon and in consideration thereof will pay to the Bank remuneration on such terms as may be decided upon from time to time by Madras Local Head Office in direct consultation with the Government of Mysore.

17. The Government of Mysore will entrust the Bank with its business in connection with the purchase and sale of securities as far as possible and the Bank will charge on such transactions as follows :-

On individual transactions of Rs.20 lacs and over

Purchases	1/16% on total cost
Sales	1/16% on sale proceeds

On individual transactions of under Rs.20 lacs

Purchases	1/8% on total cost
Sales	1/8% on sale proceeds

When delivery of securities only is arranged for through the Bank, commission at 1/16% to be charged on the amount actually paid or received.

18. Interest on securities will be collected and securities will be held in safe custody by the Bank on the following terms :-

Collection of Interest	1/8%
Withdrawal fees	1/16% on face value

(No fee is charged on deposit of securities).

Special terms will be quoted for the safe custody of and realization of interest on Stock Certificates.

19. The Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and vice versa as far as possible and the Bank will at all times quote rates as fine as those available at other Agencies.

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20. In regard to all other items of work that are not referred to in this memorandum the existing practice will continue to be followed.

21. The above arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration at the discretion of the Bank in the rate of interest provided for in Arrangement No.1 should circumstances so demand. It is, however, open to the Mysore Government to raise the question of a change in the rate of interest at any time.

For IMPERIAL BANK OF INDIA

MANAGING DIRECTOR.

12th July 1938.

COPY.
S.

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Comptroller's Office

File No. FINANCIAL SECTT. 13 SEP. 1938 991 of 193

Serial No.

U.O. No. 423/Books dated 16th September, 1938.
Encls-20.

In continuation of this office U.O.Note No.84/Books dated 15/16-7-38, I send herewith, for reference in the Secretariat, twenty printed copies of the Standing Arrangements between the Government of Mysore and the Imperial Bank of India.

FINANCIAL SECRETARY 16 SEP 1938 GOVT. OF MYSORE

M. Viswaraya Iyer
Comptroller.

1 copy given to Mr S K

2
V, 19/SEP-38

To

The Financial Secretary to Government.

(With compliments.)

May be recorded

2
20-9-38

B

2 MA
20-9-38

Note—Contn. Sheet.

U.O.No.1001/Books dated 26-12-38 2675

Encl file of Papers

Agreement with the Imperial Bank of India

1.D.O.Letter No.795/ Books dated 11/12-1-38 to Sir W.Lamond
2.D.O.letter No.P.393 dated 1-2-38 from Sir W.Lamond
3.D.O.letter No.903/ Books dated 7-2-38 to Sir W.Lamond
4.D.O.letter No.P.545 dated 15-2-38 from Sir W.Lamond

In continuation of my U.O.Note No.809/Books dated 17-1-38, I forward herewith, for the information of Government, copies of the marginally noted correspondence between myself and Sir W.Lamond on the above subject. The points raised by him are dealt with below -

Clause 7 - The Director, Sandal Oil Factory states that the cheques on Cawnpore Banks are now being sent to the Bombay Office of the Imperial Bank of India for collection and credit to the Dewan's Deposit Account with the Bank and that the procedure may continue. There can be no objection to following this procedure, and the Clause may be amended accordingly.

Clause 13 - As stated by Sir W. Lamond, the cost of collection of the drafts drawn by Soap Factory, Porcelain Factory and Electric Factory is at present recovered from the drawees. These factories have, however, suggested that the facility of collection of the drafts free of charge even to the drawees might be afforded. I do not think Sir W.Lamond will agree to forego what the Bank is now getting and to do the service free of charge merely for the convenience of a few constituents of our commercial undertakings. There appears to be no strong grounds for us to urge on this question at this stage. The Clause may be amended suitably so as to bring it into conformity with the existing practice.

Clause 19 - The question of the transfer of funds from America to India and vice versa is raised now by Sir Lamond and illustrations of the services which the Bank can give are

mentioned

(57

mentioned in his letter dated 15-2-38. The position has been explained to him by me in my letter dated 7-2-38 and there is no need to disturb the present arrangement with Messrs. Coutts & Co., London. We may, I think, reply to Sir Lamond accordingly and also state that there is no need to amend the clause.

Clause 21 - Sir Lamond wants to amend the clause as under as originally proposed by him -

> " The above arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration at the discretion of the Bank in the rate of interest provided for in Arrangement No.1 should circumstances so demand."

He wants that the words 'at the discretion of the Bank' should be retained. He says that there is no objection to the question of a change in the rate of interest being brought up at any time, but wants that the final decision in the matter must rest with the Bank. Ordinarily, without the consent of either party, no change in the rate of interest allowable under the existing arrangement should become operative. But, from what Sir Lamond says, it seems to me that he is not in favour of following this accepted principle but wants perhaps to assume the role of a dictator in this matter. Under this amended clause, even if he says, at some future

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date, that, for some reason or the other which may not be to our satisfaction, he is not prepared to allow us even the one per cent rate now allowable under Arrangement No.1, we should rest content and cannot do anything except withdrawing our surplus balances from the Bank. Even this Clause leaves us free as we have no obligation to keep necessarily all our surplus money with the Bank, nor is there any obligation to keep an irreducible minimum balance with the Bank. I therefore think that agreement to the retention will have no disadvantageous result on the Government balances. I however suggest that, if there be no objection, this point may be kindly referred to the Law Department of the Secretariat or the Government Advocate in order to know the full implications arising from the insertion of the words "<u>at the discretion of the Bank</u>" in the Clause and orders communicated as to whether the revision of the Clause as required by Sir Lamond may be agreed to.

Early orders of Government are solicited.

Comptroller

To

The Financial Secretary
to the Government,
with compliments.

CV

D.O.Letter No. 795/Books dated 12th January 1938 from the Comptroller to the Government of Mysore to Sir William Lamond, Mangaing Director of the Imperial Bank of India, Central Office, Post Box No. 346, Calcutta.

In continuation of my D.O.No. 588/Books dated 22/26th November 1937, I send herewith two copies of the Memorandum as approved by Government, embodying the terms of the arrangements agreed to between the Government of Mysore and the Bank and I trust you will find the same in order. I shall be glad if you will kindly communicate your approval by returning one copy of the Memorandum to me duly signed by you.

I may add, for your information, that, as you will observe, some small minor additions and alterations are made in clauses 7,10,17,18, 19 and 21 of the Memorandum and that clauses 11,12 and 13 and 20 are added on afresh. The work referred to in clauses 11,12, and 13 is what is being done now and clause 20 is inserted to cover all other items which the Bank has been doing but which may not have been detailed in the Memorandum. As regards clause 14 which deals with the question of interest to be charged by the Bank on overdrafts and Loans, the Government of Mysore desire that the rate to be charged should be only the Imperial Bank of India Advance rate rising and falling therewith without any minimum as it is the intention that they shoul also have the benefit of any reduction in the Bank rate should it take place at any future date, and the clause is accordingly modified. I hope you will have no objection to agree to this change.

With kind regards,

"Copy"

J.V.

D. Venkataramiah
1.3.38

Superintendent
Books.

D.O.Letter No. P 393 dated 1st February 1938 from the Managing Director, Imperial Bank of India, Calcutta to the Comptroller to the Government of Mysore, Bangalore.

With further reference to your letter No. 795/Books of the 11th ultimo I shall be obliged by your advices in regard to the following points which arise from the draft memorandum therewith enclosed.

Clause 7. In regard to the addition to this clause please advise whether the cheques on the Cawnpore Banks will be sent by the Sandalwood Oil Factory to our Cawnpore Branch direct or whether they will be tendered for collection through our Bangalore Branch.

Clause 13. We are advised that the existing practice is that drafts drawn by the Soap Factory, the Porcelain Factory and the Electric Factory are collected through our Bangalore Branch and our commission at usual rates is recovered from the drawees in accordance with instructions in the relative forwarding letters from the Factories. In the circumstances this clause should either be deleted or suitably amended.

Clause 19. We are in a postion to effect the transfer of funds to the U.S.A. and vice versa at competitive rates and we trust that you will also see your way to placing this type of business with us. We suggest that the clause be amended to read:-

" The Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and the U.S.A. and vice versa as far as possible and the Bank will at all times quote rates as fine as those available at other Agencies."

Clause 21. It is observed that this clause has been amended by the deletion of the words"at the discretion of the Bank" from the original clause as drafted by us. I regret I am unable to agree to this amendment and I shall be obliged by your confirmation that the clause may be worded as originally drafted viz:-

"The above arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration at the discretion of the Bank in the rate of interest provided for in Arrangement No. 1 should circumstances demand."

2. Provided other details are satisfactorily settled I have no objection to the remaining amendments suggested by you and I shall be pleased to arrange for a fresh memorandum to be drawn up accordingly.

T.3.38

Superintendent
Books.

"Copy"

D.O.Letter No. 903/Books dated 7th February 1938 from the Comptroller to the Government of Mysore, Bangalore, to Sir W.Lamond, Managing Director of the Imperial Bank of India, Central Office, Calcutta.

AGREEMENT WITH THE IMPERIAL BANK.

I am in receipt of your D.O.Letter No. P. 393 dated the 1st February 1938 regarding the draft memorandum sent with my letter No. 795/Books dated 11th January 1938. In regard to the several points raised by you, I write to state as follows:-

Clause 7 &13. These are receiving my attention.

Clause 19. I note that your Bank is also in a position to effect the transfer of funds to the U.S.A. and vice versa at competitive rates and I would have been too glad to avail of the services of the Bank in this behalf also, provided there is this type of business to transact. As you may perhaps be aware, the Government of Mysore have no account with any of the Banks in the United States of America and all their transactions, involving mostly very small amounts, arisi in that country are conducted through Messrs. Coutts & Company, London and no transfer of funds as such from U.S.A. to London or India and vice versa is effected. In the circumstances there appears to be no need to amend the clause in the manner suggested.

Clause 21. The words"at the discretion of the Bank" were omitted from the original clause at the instance of ~~the~~ our Government and the idea was that both the Bank and the Government should have perfect liberty to take up the question when need arises for an alteration in the rate of interest provided for in Arrangement No. 1. It is not clear to me how the omission of these words affects the position of the Bank in any way and I shall be glad if you will kindly elucidate the position, so that I may place your views before Government for their consideration.

"Copy"

J.V.

D. Venkatramiah
1.3.38

Superintendent
Books.

D.O.Letter No. P. 545 dated 15th February 1938 from the Managing Director of the Imperial Bank of India, Calcutta, to the Comptroller to the Government of Mysore, Bangalore.

I have to acknowledge receipt of your letter No. 903/Books of the 7th instant, for which I thank you.

2. In regard to your remarks in connection with clauses 19and 21 of the draft memorandum enclosed with your letter No. 795/Books of the 11th ultimo, I have to advise as follows:-

Clause 19. As illustrations of the services we are in a position to offer in ~~regard~~ regard to U.S. dollar transactions we cite the following:-

(a) The purchase and/or collection by our offices in India of drafts drawn on parties in the U.S.A. covering exports from Mysore State.

(b) The establishment of dollar credits or the remittance of funds by draft or T.T. to the U.S.A. in connection with goods to be imported by Mysore State from America.

The handling by the Bank of the State's U.S. dollar exchange business would not of course necessitate the opening by Mysore State of a banking account in the U.S.A.

Clause 21. There is no objection to the question of a change in the rate of interest, provided for in clause No. 1, being brought up at any time but the final decision in this matter must rest with the Bank and it is for this reason that we desire the words referred to to remain.

"Copy"

J.V.

T. Venkatramiah
1.3.38
Superintendent,
Books.

57

STANDING ARRANGEMENTS WITH THE GOVERNMENT OF MYSORE.

1. The Bank will allow interest on the minimum monthly balances of the Durbar accounts at Bangalore Branch at 1% per annum for the period January to June.

2. The Bank will negotiate all local cheques and all outstation cheques drawn on places where the Bank is established for credit of the Government's Accounts free of charge except for out of pocket expenses, if any.

3. The Bank will effect all remittances, i.e., Drafts, Mail Transfers and Telegraphic Transfers free of charge. This applies to remittances from Bangalore Branch and Bombay Local Head Office to other offices of the Bank and not between offices generally. Where, however, the Government of Mysore authorities instruct the Bank to forward the drafts direct to payees, postages and registration charges will be debited to the Durbar accounts.

4. The Bank will effect the movement of funds in connection with purchases and redemption of Treasury Bills free of charge.

5. The Bank will arrange, when necessary, for the encashment at par by its Branches, of cheques drawn for reasonable amounts on the Government of Mysore's account at Bombay Local Head Office. This arrangement is subject to special arrangement, in each instance, with Bombay Local Head Office who will issue the necessary instructions to the Branches concerned.

6. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Cawnpore and Lucknow, free of charge except

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for out of pocket expenses, and transfer the proceeds to Bombay Local Head Office at par.

7. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Calcutta, free of charge except for out of pocket expenses, and transfer the proceeds to Bangalore Branch at par. Outstation cheques and drafts drawn on places where the Bank is established and tendered at Calcutta on this account will be accepted by Calcutta Local Head Office at par and the proceeds thereof remitted free of charge to Bangalore Branch. The Bank will also receive from the Sandalwood Oil Factory cheques on Cawnpore Banks for realisation and transfer of proceeds to Bombay office at par.

8. The Bank will receive at Calcutta Local Head Office the proceeds of Sandalwood Oil sales in China and Japan which will be remitted to the Bank's Bangalore Office at par.

9. The Bank will receive at Colombo Branch proceeds of Sandalwood Oil sales in Ceylon which will be remitted monthly to the Bank's Bangalore Office at par.

10. The Bank will receive at Lucknow Branch sums tendered by the Allahabad Bank, Ltd., Lucknow, on behalf of the customers of the Sandalwood Oil Factory, (Messrs. Asgharali Mohamed Ali at present) for transfer to Bombay Local Head Office for credit of the Mysore Government's account at par.

11. Cheques drawn on the Imperial Bank of India, Bangalore and payable at Madras will be cashed at par by the Madras Office of the Bank.

12. Clearing Bills of Messrs. Best & Co., Ltd.,

Madras, will be cashed by the Imperial Bank of India, Madras and the debits transferred to the Dewan's Deposit account with the Bangalore Branch free of charge.

13. Drafts drawn by Soap Factory, Porcelain Factory, and Electric Factory will be collected by the Bank free of charge.

14. Subject to the Bank's convenience at all times overdrafts and loans will be granted to the Government of Mysore at the Bangalore Branch of the Bank against Government of India Securities at Imperial Bank of India Advance Rate rising and falling therewith.

15. Any other services, such as granting Banker's guarantees on account of the Government of Mysore, etc., not referred to herein, will be subject to special terms which will be quoted by the Bank to suit the circumstances of each case.

16. The Government of Mysore will entrust the Bank with the payment of interest only on Mysore Government Securities enfaced to Madras and Rangoon and in consideration thereof will pay to the Bank remuneration on such terms as may be decided upon from time to time by Madras Local Head Office in direct consultation with the Government of Mysore.

17. The Government of Mysore will entrust the Ban with its business in connection with the purchase and sale of securities as far as possible and the Bank will charge on such transactions as follows:-

<u>On individual transactions of Rs.20 lacs and over</u>

Purchases	1/16% on total cost
Sales	1/16% on sale proceeds

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On individual transactions of under Rs.20 lacs

Purchases	1/8% on total cost
S a l e s	1/8% on sale proceeds

When delivery of securities only is arranged for through the Bank, commission at 1/16% to be charge on the amount actually paid or received.

18. Interest on securities will be collected and securities will be held in safe custody by the Bank on the following terms:-

Collection of Interest	...	1/8%
Withdrawal fees	...	1/16% on face value.

(No fee is charged on deposit of securities).

Special terms will be quoted for the safe custody of and realization of interest on Stock Certificates.

19. The Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and vice versa as far as possible an the Bank will at all times quote rates as fine as those available at other Agencies.

20. In regard to all other items of work that are not referred to in this memorandum the existing practice will continue to be followed.

21. The above arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration in the rate of interest provided for in Arrangement No. 1 should circumstances so demand.

COMPTROLLER.

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Letter No.7-4540-53 dated 11-6-36 from the Imperial Bank of India, ~~Bangalore~~ Madras to the Comptroller in Mysore, Bangalore

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I have the honor to refer you to our Bangalore Branch letter F. of 15th March 1935 to your address and previous correspondence, in which it was pointed out that the - - concessional terms and conditions under which your Government's account at our Bangalore Branch was conducted were not - - profitable to the Bank and quoting revised terms which, with the approval of the Managing Director of the Bank, it was proposed to bring into force.

2. As the result of an interview which the Comptroller had with the Managing Director of the Bank in April last year however, it was arranged that the existing concessional rates allowed to your Government should continue for another year subject to review before 30th June 1936.

3. The terms and concessions allowed to your Government after a further careful review are still found to be un-remunerative to the Bank and I regret it will not suit us to continue them.

4. After reference to the Managing Director and with his approval I am therefore instructed to offer you the following terms for conduct of your Government's account at Bangalore Branch :-

(a) Interest to continue to be allowed at 1% per annum from January to June on the minimum monthly balances of the current accounts of the Government of Mysore at Bangalore Branch as at present.

(b) A charge of 1/32% to be levied half-yearly on the debit summations of the above mentioned accounts.

(c) The concessions of free purchases and collections etc. to remain as at present but all transactions to be -- passed through the current accounts.

(d) The terms to be subject to annual revision.

5. It will be observed that the terms differ slightly from

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those advised you in our Bangalore Branch letter F. of 6th February 1935. The present terms (b) are similar to those we receive as remuneration for conducting the business of the Government of India as agents of the Reserve Bank, and we assume therefore will be more acceptable to you than a charge made on individual transactions as proposed last year

6. I shall be obliged if you will notify me of your agreement to the above terms which are due to be brought into force on the 1st proximo.

Copy

A. Venkataramiah 19.6.36

Superintendent, Budget Section,
Comptroller's Office.

PA

(63)

Statement showing the monthly total debits to the Dewan's Deposit account with the Imperial Bank of India, Bangalore during the 3 years 1933-34 to 1935-36 (In lakhs of rupees)

Month	1933-34	1934-35	1935-36	Remarks
July	45.60	34.30	33.62	
August	15.84	39.29	20.67	
September	21.82	21.58	42.97	
October	41.52	52.33	47.08	
November	44.59	27.45	23.30	
December	20.65	29.54	21.02	
January	29.44	32.29	24.19	
February	65.53	20.25	22.42	
March	67.13	43.54	32.67	
April	53.50	26.56	23.15	
May	38.20	26.06	20.80	
June	84.24	32.08	30.00 (a)	(a) Approximate
Total	528.06	385.27	341.89	
Commission at 1/32% on the annual total	Rs. 16,501	Rs. 12,040/-	Rs. 10,684/-	

Average Commission per half year Rs 6,537/-

Comptroller.

PA

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GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

In reply please quote reference to No. 1580/Bks

COMPTROLLER'S OFFICE, BANGALORE,
Dated the 22nd June *1936*.

From

A. N. Raghavachar, Esq., M.A.,
Comptroller to the Government of Mysore,
Bangalore.

To

The Secretary & Treasurer,
Imperial Bank of India, Madras

Sir,

I have the honour to acknowledge the receipt of your letter No.F 4540-53 dated 11-6-1936 proposing revised terms for conducting the business of the Government of Mysore at your Bangalore Branch during the year 1936-37. As stated in the last para of your letter, the present agreement no doubt expires on the 30th June 1936 and -- the revised terms have to be brought into force from the 1st proximo But, as in ~~the~~ last year, the terms proposed are not favourable to Government and require close examination. The matter has been -- referred to Government and it will take some time before a definite decision could be reached. I therefore request that the existing terms may be kindly allowed to continue until a definite decision is reached and agreed to by both the parties.

2. In regard to the terms proposed, I feel some doubt as to what exactly is implied by the term (c). I take it that the work connected with the purchases and realisations of Government securities and -- Treasury Bills as also the transfer of funds to the credit of Dewan's account with other Banks and drawal of funds by the State Huzur -- Treasury, Bangalore for its requirements would be continued to be -- done free of any charge as at present and that the transactions, though passed through the current accounts, will be omitted to be included in the half yearly debit summations referred to in term (b). All transactions are at present automatically passing through the -- account and as such I feel a doubt as to why it is specifically -- stated in term (c) that "all transactions to be passed through the

current

current accounts". It is not also clear as to whether it is the intention of the Bank to include also debits raised on account of amounts transferred to fixed deposits kept with the Bank in arriving at the half yearly debit summations.

I shall be obliged for an early reply in the matter on the points referred to above.

I have the honor to be
Sir,
Your most obedient servant,

Sd/- A. N. Raghavachar

Comptroller.

Copy

A. Venkataramiah 26.6.36

Superintendent
Comptroller's Office.

A. 26/6/36

PA

Letter No.F.4878-53 dated 25th June 1936 from the Imperial Bank of India, Madras, to the Comptroller to the Government of Mysore, Bangalore.

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We are in receipt of your letter No.1580/Books of the 22nd instant in reply to ours of the 11th idem and note that you have referred the matter to your Government, whose decision may be delayed.

2. In the circumstances we will postpone application of the revised terms until the 15th proximo. This will allow ample time for consideration and we regret it will not suit us to delay bringing the revised terms into force beyond that date.

3. The transactions referred to in paragraph 2 of your letter under reply will be included in the half-yearly debit summations of the account on which a charge of 1/32% will be made but, as a special case, we are prepared to eliminate debits on account of amounts transferred to fixed deposits at our Bangalore Branch.

" Copy "

S. Venkataramiah
26.6.36
Superintendent
Book Section
Comptroller's Office

CV

27/6/36

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

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In reply please quote reference to No....1615/Books.

COMPTROLLER'S OFFICE, BANGALORE,

Dated the.....25th.....J u n e.....193 6.

The Secretary and Treasurer,
Imperial Bank of India,
H a d r a s.

Sir,

I have the honour to acknowledge receipt of your letter No.F.4878-53 dated 25th June 1936 and to note that you will postpone application of the revised terms until the 15th July 1936. I also note that the transactions referred to in paragraph 2 of my letter No.1580/Books dated 22-6-1936 will be included in the half yearly debit summations of the account on which a charge of 1/32% is proposed to be made, but that you are prepared, as a special case, to eliminate debits on account of amounts transferred to Fixed deposits at your Bangalore Branch.

2. I am afraid the time allowed for consideration of the question may not be enough, but I am however, referring the matter to Government and

seeking

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seeking their instructions. I shall write to you again as soon as I receive orders of Government on the subject. I am sure you will agree with me that questions of this kind which involve a departure from arrangements that have been in vogue for a number of years will require some time for examination and decision.

I have the honour to be
Sir,
your most obedient servant,

(Sd) A. N. Raghavachar
Comptroller.

K.
26/6

Copy

KR)

D. Venkataramiah 26.6.36
Superintendent
Comptroller's Office

K.
26/6

G. R. S. App. F VI—G 2]

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SUBJECT .....

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Diary. No. of letter replied to.....

Section G.7

File No. ~~4~~ 36

Serial No. ~~2~~ 437-35

5

General and Revenue Secretariat

( )

the *193*

Proceedings of the Government of His Highness the Maharaja of Mysore.

Date of issue..... 2/7 193

Read—

Signed by ..... M. K.

May this be—

(i) printed?

(ii) treated as a standing order?

(iii) published in the Gazette, English Part?

(iv) translated?

(v) placed at the disposal of the press?

(vi) published in the Gazette, Kannada Part?

Order thereon.—No. Flo

Sanction is accorded to the deputation of Mr A. N. Raghavachar, Comptroller to Govt, to Bombay for about a week to interview the Managing Director of the Imperial Bank in connection with ~~the discussions of questions connected with the Imperial~~ certain financial matters

5

Bearer of Draft, accountant Bangalore

Madras

2. He is permitted to take a peon with him

3. He will be allowed double the usual Daily allowance for halts at Bombay while the peon that accompanies him will draw a Daily allowance of Re 1/-

4. An advance of Rs 200/- (Rupees two hundred only) is also sanctioned to him for meeting the T. A. charges to and fro, subject to adjustment from his T.A. Bill for the journey in one Course

7/7

WW 7/7 Financial Secretary

NM

Comptroller to Govt-

List of Enclosure

Copied by 7/7/35

Examined by

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

7D

Read:-

ORDER NO. Fcl 00 9-7-4.36.2

Dated, Bangalore, the 7th July 1936.

Sanction is accorded to the deputation of Mr. A.N. Raghavachar, Comptroller to Government, to Bombay for about a week to interview the Managing Director of the Imperial Bank in connection with certain financial matters.

2. He is permitted to take a peon with him.

3. He will be allowed double the usual daily allowance for halts at Bombay while the peon that accompanies him will draw a daily allowance of Re.1/-.

4. An advance of Rs.200/- (Rupees two hundred only) is also sanctioned to him for meeting the travelling allowance charges to and fro, subject to adjustment from his travelling allowance bill for the journey in due course.

K Venkata Ram
for Financial Secretary to Government.

The Comptroller to Government.

K.M.R.2.

Notes of discussion with Mr.E.P.Stocker, Deputy Managing Director of the Imperial Bank of India, Bombay, on 10th July 1936.

1- Working terms of the Bank.

The first question discussed was with reference to the working terms for carrying on Government business, Viz., levy of charge on the transactions and interest on the current Account Balances. I mentioned that the charge of 1/32% proposed to be levied half yearly on the debit summations of the current Account is a new levy which the Government cannot accept and that the Bank should kindly see its way to continue the present arrangement unaltered without imposing any such onerous conditions.

He explained that the Bank had suffered losses and that the present phenominal fall in interest rates had led to a shrinkage of the margin which was available and as such they were very reluctantly compelled to suggest the levy of 1/32% commission so that the Bank might not atleast have losses for doing business on behalf of Government and that he felt sure that the Mysore Government would also agree that the Bank could not do the work at a loss. I told him that the present arrangement was a long standing one extending over half a century and the Bank should not lightly set aside the argument arising out of such business connection with a progressive Government like ours.

He then referred to the large volume of work in connection with shroffing moffusil remittances. I pointed out that the work the Bank had been doing on this account was part and parcel of Government of India Work as we had no separate currency or currency chest arrangements and that if at all the Bank had any grievance on this score, it

should

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should approach the Government of India and get redress. He appreciated the point of view put forward by me and agreed partly with what I said. He thereupon referred to the question of remittances from here to London and vice versa, and also purchases and sales of securities on Government Account. He wished that all this work should be done through the Imperial Bank so that the Bank might get at least something to reimburse the losses that it is put to at present. He also said that the Bank would be prepared to do all our sterling transactions including payments outside London at cheaper rates than any other Bank and asked me to consider the question of entrusting the business to the Bank. Perhaps, as an inducement to us, he said that, if Government could agree to entrust the Bank all the above items of work, it would be possible for the Bank to consider the question of allowing some interest on a certain balance from July to December also.

I told him that I would be placing his views before Government, but I pointed out to him at the same time that, in view of the long standing arrangement with Messrs. Coutts & Co., there might be considerable difficulty in disturbing it. As regards remittances of funds from here to London and Vice versa and the purchase and sale of securities, I told him that Government would be glad to utilise the services of the Bank, provided the Bank could do the business atleast on equally advantageous terms with those that we ~~have been able to~~ could obtain elsewhere.

As regards the question of periodical revision of the terms, he said that it would be better to revise the terms annually in view of the present uncertain and changing conditions. He finally said that, pending settlement of the fresh issues raised by him, the existing arrangement might continue till the end of September 1936.

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II Remuneration for payment of interest on Mysore State Loans at Madras.

He said that the present terms might continue

III Recognition of Mysore Government Securities under the Schedule of the Imperial Bank of India Act.

I discussed this question with him in all its aspects and explained to him that it would facilitate matters if the Bank could kindly take the initiative and move the Government of India in the matter and obtain the required recognition. He agreed to this and said that he would take further action on receipt of a reference from us.

Finally, he said that we might correspond with him direct on all such matters to avoid delay, and in future also he said I could address him direct whenever there was need to do so.

Comptroller.

COPY TO.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

In reply please quote reference to No. D.O.73/Books

COMPTROLLER'S OFFICE, BANGALORE, 74

Dated the.....15th July.....*193* 6

Dear Mr. Stocker,

After discussing with you the terms for conducting the business of the Government of Mysore at the Imperial Bank of India, Bangalore, and other matters on the 10th instant at Bombay, I returned to headquarters quite safe. I thank you for the kindness and courtesy you showed me during the interviews and for your anxious disposition to meet me as far as possible.

2. While I note the reasons which led you to propose the levy of a charge of 1/32 percent every half year on the debit summations in the Current Account with the Bank, I am glad of your assurance to consider the question of waiving this levy and of allowing interest on a certain portion of the balance in the Current Account for the period from July to December also, in case the Government of Mysore can consider the question of entrusting to the Bank all their business connected with

(a) transfer of funds from here to London and vice versa.

(b) purchase and sale of Securities and

(c) Sterling transactions including payments outside London.

As I told you, I have referred to Government the above matters, as well as the question of the continuance of the existing arrangement under which your Madras Office is paid Rs 1,500/- per annum for payment of interest on the Mysore State Loan Bonds enfaced for payment of interest at Madras till the end of ~~July~~ June 1937 and will communicate with you in due course regarding these matters. I have also informed Government that, pending settlement of those questions, you have kindly agreed to the continuance of the present terms for a period of three months i.e., till the end of September 1936.

As regards the question of recognition of Mysore Government Securities under the Schedule of the Imperial Bank of India Act, I am pleased to note that you will be kind enough to pursue the matter with the Government of India if we so desire, on receipt of a definite request from us. I shall address you again on this subject as soon as I receive orders of Government in the matter.

Yours sincerely,
Sd. A. N. Raghavachar

To

E. P. Stocker Esq.,
Deputy Managing Director,
Imperial Bank of India,
Central Office, Post Box No.12,
BOMBAY.

Copy

D. Venkatramiah 23.7.36
for Comptroller

CV

Post Box No.12.

No.P.02402
Imperial Bank of India,
Central Office.
BOMBAY.

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Confidential

20th July 1936.

Dear Mr. Raghavachar,

I am much obliged to you for your letter of the 15th instant in which you confirm the results of our conversation and advise me that you will place the matter before your Government.

In case I did not make myself quite clear to you, I am afraid I can hold out no hope of our allowing interest from July to December at present but, as I promised you, we would consider the matter as soon as money becomes more usable in the event of the other questions being satisfactorily settled.

I note that you will write me again as soon as you receive orders from Government.

With kind regards,

Yours sincerely,

Sd/- E.P.Stocker.

A.N.Raghavachar, Esq., M.A.,
Government of His Highness
the Maharaja of Mysore,
Comptroller's Office,
Bangalore.

----- Copy -----

A.N.Raghavachar
~~Asst~~ Comptroller

CONFIDENTIAL.

N.Raghavachar, Esq., M.A.,
Comptroller.

COMPTROLLER'S OFFICE,
Dated, Bangalore, 5th August 1936.

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D.O.No.185/Books.

Dear Mr. Stocker,

I write to invite reference to correspondence ending with my D.O.letter No.127/Books dated 23-7-1936. I have since received orders of Government on the several points that were discussed in person and referred to in my letter of the 15th July 1936 and I note below their views in regard to them.

1. Working terms of the Bank.

Government have no objection to entrust to the Bank all their work relating to purchase and sale of securities and also transfer of funds from here to London and vice-versa, provided that a convenient arrangement could be adopted and Government would not have to pay more than if the work was done through some other agency. They, however, regret that, in regard to ~~their~~ sterling transactions of the state, including payments outside London, it may not be possible to disturb the present arrangement. Regarding the revision of the terms every year, they feel that it is not desirable to subject the arrangements to revision every year and that the main terms should be settled once for all, with provision for alteration in the rate of interest with reference to the existing Bank rate. I shall be glad to hear further from you on these points.

11. Remuneration for payment of interest on Mysore State Loans at Madras.

Government approve of the continuance of the existing terms for another year with effect from 1st July 1936.

111. Recognition of ~~our~~ Mysore Govt. securities under the Imperial Bank of India Act.

I enclose herewith a formal letter addressed to the Managing Director of the Bank in this connection. As the letter is

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is self explanatory, I do not wish to say anything more here. I shall therefore be much obliged if, as requested therein, you will be so good as to take necessary action for getting the - required recognition to our securities.

Government trust that, in view of the above, you will be good enough to continue the existing arrangement and also consider the question of allowing interest atleast on some portion of the balances for the period July to December each year. Of - course, I recognise that you have already mentioned in your - letter dated 20-7-1936 that this would be done when money becomes more usable.

With kind regards.

Yours sincerely,

AD 5.8.36

E.P. Stocker, Esq.,
Deputy Managing Director,
Imperial Bank of India,
Central Office,
Post Box No.12,
B O M B A Y.

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In reply please quote reference to No. 187/Bangalore

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 5th August *1936*.

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

The Managing Director,
Imperial Bank of India,
Central Office, BOMBAY.

SIR,

Recognition of Mysore Government Securities under the Imperial Bank of India Act.

In accordance with the personal discussion I had with Mr. E. P. Stocker at Bombay on 10th July 1936, on the above subject, I have the honour to request you to be so good as to obtain the sanction of the Governor-General-in-Council to class Mysore Government Securities as authorised securities, under Schedule 1 part 1 (a)(iii) of the Imperial Bank of India Act, as amended by the Amendment Act of 1934. The Mysore Government Securities are very popular not only in the State itself but also throughout British India and elsewhere, are quoted at high premiums and are in great demand by investors, in the different markets. The loans have all been issued under the authority of the Government of His Highness the Maharaja, and the principal and interest are secured on the revenues and assets of the Government. There is also a sinking fund, for the redemption of the annual loans, the annual contribution to which, has been at a rate sufficient to discharge the loans on maturity. In brief, the Mysore Government securities are second to none in respect of their value for cover on any advances against them.

I am to add that according to the news paper information, sanction of the Governor-General-in-Council has been obtained to class Hyderabad State securities as authorised securities under the Imperial

Bank

Bank of India Act, and that a similar recognition of the Mysore Government securities is, I think, called for, in the interests of all concerned.

I have thethonour to be,

Sir,

Your most obeddent servant.

Comptroller.

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PRIVATE & CONFIDENTIAL

Copy of letter No.P.02654 dated 10th August 1936 from the Deputy Managing Director of the Imperial Bank of India to the Comptroller to the Government of Mysore, Bangalore.

--0--

I have to thank you for your letter D.O.No.185/Books of the 5th instant, with enclosure, which is receiving my attention and to which I shall reply in detail as soon as I am in a position to do so.

-- Copy --

Comptroller.

Copy of letter No.02971 dated 2nd September 1936 from Mr. E.P.Stocker, Deputy Managing Director of the Imperial Bank of India to the Comptroller to the Government of Mysore, Bangalore.

In continuation of my letter No.P.2654 of the 10th ultimo I am now in a position to reply to your letter D.O.No.185/Books of the 5th idem in detail.

2. Working terms of the Bank. -

(a) Purchase and sale of Securities

In consideration of your Government entrusting us with all its business in the above connection we are prepared to quote the following terms:-

Purchases - 1/8% on total cost

Sales - 1/8% on total sale proceeds

We are of course in a particularly favourable position to secure the best market rates ~~when~~ when buying and selling securities.

We would also be prepared to quote the following rates for collection of interest and safe custody of securities:-

Collection of interest - 1/8%

Withdrawal fees - 1/16% on face value

(No fee is charged on deposit of securities.)

Special terms will be quoted for stock certificates.

(b) Transfer of funds to London and vice versa

We are in the position to quote the finest rates and if the State will give us all their business in this connection they may be assured of these rates at all times.

(c) Account in London

We note that it may not be possible to entrust us with your London Account. We still however think that such an arrangement would prove a convenience to you and we shall be glad to give any information regarding the facilities we can offer you on hearing from you.

(d) Existing arrangements

If (a) and (b) are agreed to these will be continued as they

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they stand at present.

(e) Allowance of Interest on Accounts between July and December.

This concession will be considered, when money markets improve in the light of the value to us of the Government of Mysore connection as a whole at that time.

(f) Annual Revision of terms

It is the invariable practice for us to reconsider all special interest, remittance, collection and other charges annually in respect of all our constituents on the basis of the then existing conditions and of the business put through us in the previous year and this is a necessary procedure for banks to take. Objection to it has probably been raised by your Government because of our suggestion on this occasion to levy a charge on the turnover of their account. We would point out that this suggestion is made in lieu of the reconsideration of the concession of free encashments and remittances which was raised last year. We understood that your objection then to a reconsideration of this concession was based mainly on considerations of prestige and the suggestion made this year was an endeavour to meet your difficulty. The concession of free encashments and remittances is an unusual one from the Bank's point of view and it is at the root of our present difficulties in placing our relations with the Mysore Government on a basis which will not involve us in loss. You will, I am sure, realise therefore that we cannot bind ourselves to continue this and other concessions for all time irrespective of other factors.

(g) Recognition of Mysore Government Securities under the Imperial Bank of India Act.

This matter is in hand.

3. On hearing from you that the foregoing terms are approved of we shall send you a consolidated memorandum embodying the terms for confirmation.

- C O P Y -

G. Venkatasamiah
10.9.36
Superintendent,
Draft Section

W.C.36

690

10.12.36

509

Copy supplied by Govt.

Dear Mr. Stocker,

With further reference to your letter No.#02971 dated the 2nd September 1936, I write to state that I have now received orders of Government in the matter and to reply you as follows :-

Government are willing to purchase and sell securities and also arrange for transfe of Funds from India to London and vice-versa through the Bank, whenever this can be done without inconvenience or loss to them. They however, consider the rate of 1/8 per cent quoted by you for purchase and sale of securities rather high and shall be glad if you can kindly agree to a rate of 1/16 per cent, which is now being charged by the Imperial Bank of India, Bombay, for taking or giving delivery of securities purchased or sold at Bombay.

Annual revision of terms :-

Government still consider that it is not desirable to subject the arrangement to revision every year and that the main terms should be settled once for all with provision for alteration in the rate of interest with reference to the existing Bank rate. As, however, you are not willing to have the arrangement as a standing one, they suggest that the main terms of the arrangement now to be fixed may be tried for a definite term, say 3 or 5 years. I shall be obliged if you will kindly communicate your assent to this.

P. T. O.

Recognition of Mysore Government securities under the Imperial Bank of India Act.

I note that this matter is in hand and await your further reply at your earliest convenience

Your remarks and terms as regards the other points are noted.

Yours sincerely,

14.12.30

Comptroller.

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D.O. Letter No. 04060 dated 17th December 1936 from the Managing Director, Imperial Bank of India, Central Office, Calcutta to the Comptroller to the Government of Mysore, Bangalore.

As I have returned from home leave Mr. Stocker has shown me your letter to him No.690/Books dated 11th instant.

2. Remittances to and from London - In the event of your placing all your sterling transactions through us we undertake that you will at all times obtain the best rate available. If we cannot give you this rate ourselves, we will place the business with the bank quoting the most favourable rate on the day in question. This arrangement will therefore ensure the Government of Mysore against exchange loss - in fact I am confident that Government will benefit by the arrangement.

3. Government Securities - The charge of 1/16% which you state is at present made by our Bombay office, is, we assume, for giving or taking delivery of the securities only, and does not include the proposed service of arranging the purchase or sale at the best rate we are able to obtain for you. Here again I am sure that your Government will benefit by placing all their business through us, but we are prepared as a very special concession to levy an inclusive charge of 1/16% on transactions of Rs.20 lacs and over and 1/8% below that amount.

4. Annual revision of terms - In the event of your Government agreeing to place all their sterling and remittance business through us we do not anticipate any necessity for a revision in the near future. We are therefore prepared to enter into an ~~agreement~~ arrangement on the lines indicated for a fixed period of 3 years subject to alteration in the rate of interest in the meantime if circumstances demand it.

5.

5. We presume that you will desire to transact your sterling and Government Securities transactions through our Bombay office and we are therefore advising them in the matter. If however, you desire alternately to be able to put them through our Calcutta and Madras Offices we will advise them also on hearing from you.

6. We hope to be in a position shortly to advise you of the recognition of Mysore Government Securities under the Imperial Bank of India Act.

D.O. letter No.774/Books dated 5th January 1937 from the Comptroller to the Government of Mysore, Bangalore to Sir William Lamond, Kt., Managing Director, Imperial Bank of India, Central Office, Calcutta.

I am glad to learn that you are back again from leave. I thank you for your letter dated the 17th December 1936 on the subject of the revision of Agreement with the Imperial Bank of India, Bangalore.

Para 3. I note that you are prepared, as a very special concession, to levy an inclusive charge of 1/16% on transactions of Rs.20 lakhs and over and 1/8% below that amount. I presume that the limit of Rs.20 lakhs fixed refers only to the sum total of all the transactions put through in a year. Kindly confirm if this is the intention.

Para 4. I feel a doubt as to what exactly is meant by "Sterling and remittance business." You will see from my D.O. letter No.185/Books dated 5-8-1936 to Mr. E.P. Stocker that Government are not in favour of disturbing the present arrangement with Messrs. Coutts & Co., in regard to the Sterling transactions of the State, including payments outside London. I take it that only remittance transfer transactions between India and London are meant by you.

Para 5. Here also, I feel a doubt as to what is meant by "Sterling and Government Securities transactions through

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our Bombay office." Hitherto, the question under discussion was only with regard to Rupee Securities and I take it that here again, you mean remittance (i.e., transfer of funds between India and London) and Government securities transactions.

On hearing from you in the matter, I will submit the question to Government and communicate to you their decision.

With kind regards.

D.O. letter No.P.00068 dated 8th January 1937 from the Managing Director, Imperial Bank of India, Central office, Calcutta to the Comptroller to the Government of Mysore, Bangalore.

I thank you for your letter D.O.No.774/Books of the 5th instant.

Government Security Transactions.

The inclusive charge of 1/16% refers to individual transactions of Rs.20 lacs and over. Each transaction will require our interviewing several brokers in order to ensure our securing the best rates possible and correspondence, etc., relative thereto, so that it could not equitably apply to a sum total representing an indefinite number of transactions.

Sterling Business.

As stated in Mr. Stocker's letter of the 2nd September last we realise that you are not in favour of disturbing your present arrangements with Messrs. Coutts & Coy. although we feel that our London Office could give at least as good services and that the Government of Mysore would benefit by concentrating all their business with us. In your letter D.O.No.185/Books however you stated that Government had no objection to entrust the Bank with all the work relating to the transfer of funds to London and vice versa and it was to this work I was referring.

With kind regards.

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D.O. Letter No.839/Books dated 18th January 1937 from the Comptroller to the Government of Mysore, Bangalore to Sir William Lamond, Kt., Managing Director, Imperial Bank of India, Central Office, Calcutta.

I am much obliged to you for your D.O. letter No.P.00068 dated the 8th instant.

2. I note that the inclusive charge of 1/16% in connection with the purchase and sale of Government securities refers to individual transactions of Rs.20 lakhs and over and not to the sum total of all transactions put through in a year. While I appreciate your remarks in this connection, I wish to mention that Government have, at no time in the past, either bought or sold Government securities in such large quantities at a single time and that, therefore, this rate of 1/16% will practically remain inoperative. I would therefore, in the circumstance request you to kindly reconsider the position and intimate whether it will not be possible for you to agree to the rate of 1/16% without any restrictions, and, if this be not possible, whether you cannot kindly agree to this rate being made applicable to transactions of not less than 2 or 3 lakhs at a time.

3. On hearing from you in the matter, I shall submit the case to Government for their final orders.

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x x x

D.O.letter No.P.00270 dated 21st January 1937 from the Managing Director, Imperial Bank of India, Central Office, Calcutta to the Comptroller to the Government of Mysore, Bangalore.

In reply to your D.O.No.839/Books of the 18th instant I regret that I am unable to reduce our terms further as they are already cut as fine as possible.

"C O P I E S"

A. Venkataramiah 30.1.37
Superintendent
Book Section.

SNS)
21/1/37

Letter No.P.2852 dated 9th August 1937 from the Imperial Bank of Ibdia, Central Office, Bombay, to the Comptroller to the Government of Mysore, Bangalore.

With reference to your letter D.O.No.112/Books of the 26th ultimo I enclose two copies of a Memorandum setting forth the standing arrangements agreed to between the Government of Mysore and the Bank. I trust you will find the arrangements in order and shall be glad if you will kindly signify your approval by returning one copy of the Memorandum to me duly initialled by you.

" Copy "

T. Venkatramiah 7.10.37
Superintendent
Book Section

STANDING ARRANGEMENTS

WITH THE GOVERNMENT OF MYSORE

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1. The Bank will allow interest on the minimum monthly balances of the Durbar accounts at Bangalore Branch at 1% per annum for the period January to June.

2. The Bank will negotiate all local cheques and all outstation cheques drawn on places where the Bank is established for credit of the Government's Accounts, free of charge except for out of pocket expenses, if any.

3. The Bank will effect all remittances i.e. Drafts, Mail Transfers and T.Ts. free of charge. This applies to remittances from Bangalore Branch and Bombay Local Head Office to other offices of the Bank and not between offices generally. Where, however, the Government of Mysore authorities instruct the Bank to forward the drafts direct to Payees, postages and registration charges will be debited to the Durbar accounts.

4. The Bank will effect the movement of funds in connection with purchases and redemption of Treasury Bills free of charge.

5. The Bank will arrange, when necessary, for the encashment at par by its Branches, of cheques drawn for reasonable amounts on the Government of Mysore's account at Bombay Local Head Office. This arrangement is subject to special arrangement, in each instance, with Bombay Local Head Office who will issue the necessary instructions to the Branches concerned.

6. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Cawnpore and Lucknow, free of charge except for out of pocket expenses, and transfer the proceeds to Bombay Local Head Office at par.

7. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Calcutta, free of charge except for out of pocket expenses, and transfer the proceeds to Bangalore Branch at par. Outstation cheques and drafts drawn on places where the Bank is established and tendered at Calcutta on this account will be accepted by Calcutta Local Head Office at par and the proceeds thereof remitted free of charge to Bangalore Branch.

7A The Bank will receive from Sandal Oil Factory cheques on Kanpur Banks for realisation and transfer of proceeds to Bombay office at par B.

The Bank will receive at Calcutta Local Head Office the proceeds of Sandalwood Oil sales in China and Japan which will be remitted to the Bank's Bangalore Office at par.

9. The Bank will receive at Colombo Branch proceeds of Sandalwood Oil sales in Ceylon which will be remitted monthly to the Bank's Bangalore Office at par.

10. The Bank will receive at Lucknow Branch sums tendered by the Allahabad Bank Ltd., Lucknow, on behalf of Messrs. Asgharali Mohamed Ali (at present the Agents, who are) for transfer to Bombay Local Head Office for credit of the Mysore Government's account at par.

11. Subject to the Bank's convenience at all times overdrafts and loans will be granted to the Government of Mysore at the Bangalore Branch of the Bank against Government of India Securities at Imperial Bank of India Advance Rate minimum 3% per annum and Imperial Bank of India Advance Rate rising and falling therewith respectively.

12. Any other services, such as granting Banker's guarantees on account of the Government of Mysore, etc. not referred to herein, will be subject to special terms which will be quoted by the Bank to suit the circumstances of each case.

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13. The Government of Mysore will entrust the Bank with the payment of interest only on Mysore Government Securities enfaced to Madras and Rangoon and in consideration thereof will pay to the Bank remuneration on such terms as may be decided upon from time to time by Madras Local Head Office in direct consultation with the Government of Mysore.

14. The Government of Mysore will entrust the Bank with its business in connection with the purchase and sale of securities and in consideration thereof the Bank will charge on such transactions as follows :-

On individual transactions of Rs.20 lacs and over

Purchases	1/16% on total cost
S a l e s	1/16% on sale proceeds

On individual transactions of under Rs.20 lacs

Purchases	1/8% on total cost
S a l e s	1/8% on sale proceeds

When delivery of securities only is arranged for through the Bank commission at 1/16% to be charged on the amount actually paid or received.

15. Interest on securities will be collected and securities will be held in safe custody by the Bank on the following terms :-

Collection of Interest ...1/8%

Withdrawal fees ... ...1/16% on face value

Special terms will be quoted for the safe custody of and realization of interest on Stock Certificates.

16. The Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and vice versa and in consideration

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thereof the Bank will at all times quote rates as fine as those available at other Agencies.

17. The above arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration at the discretion of the Bank in the rate of interest provided for in Arrangement No.1 should circumstances so demand.

* * *

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Hindu dated 18-6-36

NIZAM'S STATE SECURITIES

RECOGNITION UNDER IMPERIAL BANK ACT

(FROM OUR CORRESPONDENT.)

HYDERABAD (Dn.), June 18.

The Information Bureau has issued the following communique:—

Under Schedule I Part I (a) (iii) of the Imperial Bank of India Act, as amended by the Amendment Act of 1934, the Imperial Bank of India has been authorised to advance and lend money and open cash credits upon the security of debentures or other securities for money issued under the authority of a Prince or Chief of any State in India.

The Government's loans have all been issued under the authority of His Exalted Highness, and principal and interest are secured on the revenues and the assets of the Government. For redemption of all these loans, there is a sinking fund, the annual contribution to which has been at a rate sufficient to discharge the loans on maturity. The sanction of the Governor-General-in-Council has, therefore, been obtained to class Hyderabad State securities as authorised securities under the Imperial Bank of India Act.

In view of the above arrangement, the Imperial Bank of India will now advance money to holders of His Exalted Highness' Government pronotes in the same way and to the same extent as to the holders of Government of India securities.

1-30 pm

3/4
11.1.39
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STANDING ARRANGEMENTS
WITH THE GOVERNMENT OF MYSORE.

The Bank will allow interest on the minimum monthly balances of the Durbar accounts at Bangalore Branch at 1% per annum for the period January to June

2. The Bank will negotiate all local cheques and all outstation cheques drawn on places where the Bank is established for credit of the Government's Accounts free of charge except for out of pocket expenses, if any

3. The Bank will effect all remittances, i.e., Drafts, Mail Transfers and T.Ts. free of charge. This applies to remittances from Bangalore Branch and Bombay Local Head Office to other offices of the Bank and not between offices generally. Where, however, the Government of Mysore authorities instruct the Bank to forward the drafts direct to Payees, postages and registration charges will be debited to the Durbar accounts.

4. The Bank will effect the movement of funds in connection with purchases and redemption of Treasury Bills free of charge.

5. The Bank will arrange, when necessary, for the encashment at par by its Branches, of cheques drawn for reasonable amounts on the Government of Mysore's account at Bombay Local Head Office. This arrangement is subject to special arrangement, in each instance with Bombay Local Head Office who will issue the necessary instructions to the Branches concerned.

6 The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Cawnpore and Lucknow, free of charge excep

for

for out of pocket expenses, and transfer the proceeds to Bombay Local Head Office at par.

7. The Bank will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore on his Agents in Calcutta, free of charge except for out of pocket expenses, and transfer the proceeds to Bangalore Branch at par. Outstation cheques and drafts drawn on places where the Bank is established and tendered at Calcutta on this account will be accepted by Calcutta Local Head Office at par and the proceeds thereof remitted free of charge to Bangalore Branch. The Bank will also receive from the Sandalwood Oil Factory cheques on Cawnpore Banks for realisation and transfer of proceeds to Bombay office at par.

8. The Bank will receive at Calcutta Local Head Office the proceeds of Sandalwood Oil sales in China and Japan which will be remitted to the Bank's Bangalore Office at par.

9. The Bank will receive at Colombo Branch proceeds of Sandalwood Oil sales in Ceylon which will be remitted monthly to the Bank's Bangalore Office at par.

10. The Bank will receive at Lucknow Branch sums tendered by the Allahabad Bank, Ltd., Lucknow, on behalf of the ~~Agents~~ customers of the Sandalwood Oil Factory, (~~Messrs~~ Messrs. Asgharali Mohamed Ali at present) for transfer to Bombay Local Head Office for credit of the Mysore Government's account at par.

11 Cheques drawn on the Imperial Bank of India,

~~Bangalore~~

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Bangalore and payable at Madras will be cashed at par by the Madras office of the Bank.

12. Clearing Bills of Messrs. Best & Co., Ltd. Madras, will be cashed by the Imperial Bank of India, Madras and the debits transferred to the Dewan's Deposit account with the Bangalore Branch free of charge.

13. Drafts drawn by Soap Factory, Porcelain Factory, and Electric Factory will be collected by the Bank free of charge.

14. Subject to the Bank's convenience at all times overdrafts and loans will be granted to the Government of Mysore at the Bangalore Branch of the Bank against Government of India Securities at Imperial Bank of India Advance Rate ~~[minimum 3% per annum and Imperial Bank of India Advance Rate]~~ rising and ~~the~~ falling therewith ~~[respectively]~~.

15. Any other services, such as granting Banker's guarantees on account of the Government of Mysore, etc., not referred to herein, will be subject to special terms which will be quoted by the Bank to suit the circumstances of each case.

16. The Government of Mysore will entrust the Bank with the payment of interest only on Mysore Government Securities enfaced to Madras and Rangoon and in consideration thereof will pay to the Bank remuneration on such terms as may be decided upon from time to time by Madras Local Head Office in direct consultation with the Government of Mysore.

17. The Government of Mysore will entrust the Bank with its business in connection with the purchase

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and sale of securities as far as possible and the Bank will charge on such transactions as follows:-

On individual transactions of Rs.20 lacs and over

Purchases	1/16% on total cost
S a l e s	1/16% on sale proceeds

On individual transactions of under Rs.20 lacs

Purchases	1/8% on total cost
S a l e s	1/8% on sale proceeds

When delivery of securities only is arranged for through the Bank, commission at 1/16% to be charged on the amount actually paid or received.

18. Interest on securities will be collected and securities will be held in safe custody by the Bank on the following terms:-

Collection of Interest	...	1/8%
Withdrawal fees	...	1/16% on face value.

(No fee is charged on deposit of securities).

Special terms will be quoted for the safe custody of and realization of interest on Stock Certificates.

19. The Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and vice versa as far as possible and the Bank will at all times quote rates as fine as those available at other Agencies.

20. In regard to all other items of work that are not referred to in this memorandum the existing practice will continue to be followed.

21. The above arrangements will be in force for a period of three years from the 1st July 1937

subject

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subject to alteration in the rate of interest provided for in Arrangement No. 1 should circumstances so demand.

2/12/37 2.12.37

(9)

CONFIDENTIAL

STANDING ARRANGEMENTS

BETWEEN

The Government of Mysore and the Imperial Bank of India.

CONFIDENTIAL.

Standing Arrangements between the Government of Mysore and the Imperial Bank of India.

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1. THE BANK will allow interest on the minimum monthly balances of the Durbar accounts at Bangalore Branch at 1 per cent per annum for the period January to June.

2. THE BANK will negotiate all local cheques and all outstation cheques drawn on places where the Bank is established for credit of the Government's accounts free of charge except for out of pocket expenses, if any.

3. THE BANK will effect all remittances, *i.e.*, Drafts, Mail Transfers and Telegraphic Transfers free of charge. This applies to remittances from Bangalore Branch and Bombay Local Head Office to other offices of the Bank and not between offices generally. Where, however, the Government of Mysore authorities instruct the Bank to forward the drafts direct to payees, postages and registration charges will be debited to the Durbar accounts.

4. THE BANK will effect the movement of funds in connection with purchases and redemption of Treasury Bills free of charge.

5. THE BANK will arrange, when necessary, for the encashment at par by its Branches, of cheques drawn for reasonable amounts on the Government of Mysore's account at Bombay Local Head Office. This arrangement is subject to special arrangement, in each instance, with Bombay Local Head Office who will issue the necessary instructions to the Branches concerned.

6. THE BANK will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore, on his Agents in Cawnpore and Lucknow, free of charge except for out of pocket expenses, and transfer the proceeds to Bombay Local Head Office at par.

7. THE BANK will collect drafts drawn by the Director, Sandalwood Oil Factory, Mysore, on his Agents in Calcutta, free of charge except for out of pocket expenses, and transfer the proceeds to Bangalore Branch at par. Outstation cheques and drafts drawn on places where the Bank is established and tendered at Calcutta on this account will be

accepted by Calcutta Local Head Office at par and the proceeds thereof remitted free of charge to Bangalore Branch. The Bombay Office of the Bank will receive from the Sandalwood Oil Factory cheques on Cawnpore Banks for realisation and credit to the Dewan's Deposit Account with it at par.

8. THE BANK will receive at Calcutta Local Head Office the proceeds of Sandalwood Oil sales in China and Japan which will be remitted to the Bank's Bangalore Office at par.

9. THE BANK will receive at Colombo Branch proceeds of Sandalwood Oil sales in Ceylon which will be remitted monthly to the Bank's Bangalore Office at par.

10. THE BANK will receive at Lucknow Branch sums tendered by the Allahabad Bank, Ltd., Lucknow, on behalf of the customers of the Sandalwood Oil Factory, (Messrs. Asgharali Mohamed Ali at present) for transfer to Bombay Local Head Office for credit of the Mysore Government's account at par.

11. CHEQUES drawn on the Imperial Bank of India, Bangalore, and payable at Madras will be cashed at par by the Madras Office of the Bank.

12. CLERAING BILLS of Messrs. Best & Co., Ltd., Madras, will be cashed by the Imperial Bank of India, Madras, and the debits transferred to the Dewan's Deposit Account with the Bangalore Branch free of charge.

13. DRAFTS drawn by the Soap Factory, Porcelain Factory, Electric Factory, and Iron and Steel Works will be collected by the Bangalore Branch of the Bank free of charge to Government, the Bank's commission, at usual rates, being recovered from the drawees as hitherto.

14. SUBJECT to the Bank's convenience at all times overdrafts and loans will be granted to the Government of Mysore at the Bangalore Branch of the Bank against Government of India Securities at Imperial Bank of India Advance Rate rising and falling therewith.

15. ANY other services, such as granting Banker's guarantees on account of the Government of Mysore, etc., not referred to herein, will be subject to special terms which will be quoted by the Bank to suit the circumstances of each case.

16. THE Government of Mysore will entrust the Bank with the payment of interest only on Mysore Government Securities enfaced to Madras and Rangoon and in consideration thereof will pay to the Bank

remuneration on such terms as may be decided upon from time to time by Madras Local Head Office in direct consultation with the Government of Mysore.

17. THE Government of Mysore will entrust the Bank with its business in connection with the purchase and sale of securities as far as possible and the Bank will charge on such transactions as follows:—

On individual transactions of Rs. 20 lacs and over—

Purchases .... $\frac{1}{16}$ per cent on total cost
Sales .... $\frac{1}{16}$ per cent on sale proceeds

On individual transactions of under Rs. 20 lacs—

Purchases .... $\frac{1}{8}$ per cent on total cost
Sales .... $\frac{1}{8}$ per cent on sale proceeds

WHEN delivery of securities only is arranged for through the Bank, commission at $\frac{1}{16}$ per cent to be charged on the amount actually paid or received.

18. INTEREST on securities will be collected and securities will be held in safe custody by the Bank on the following terms:—

Collection of interest .... $\frac{1}{8}$ per cent
Withdrawal fees .... $\frac{1}{16}$ per cent on face value

(No fee is charged on deposit of securities.)

SPECIAL terms will be quoted for the safe custody of and realization of interest on Stock Certificates.

19. THE Government of Mysore will entrust the Bank with its business in connection with the transfer of funds to London and *vice versa* as far as possible and the Bank will at all times quote rates as fine as those available at other Agencies.

20. IN REGARD to all other items of work that are not referred to in this memorandum, the existing practice will continue to be followed.

21. THE ABOVE arrangements will be in force for a period of three years from the 1st July 1937 subject to alteration at the discretion of the Bank in the rate of interest provided for in Arrangement No. 1, should circumstances so demand. It is, however, open to the Mysore Government to raise the question of a change in the rate of interest at any time.

FOR IMPERIAL BANK
OF INDIA
W. LAMOND
Managing Director
12th July 1938.

A. N. RAGHAVACHAR
Comptroller
Government of Mysore
7th July 1938.